

Item No:	Classification: Open	Date: 19 September 2019	Decision Taker: Strategic Director of Housing and Modernisation
Report title	GW2 Albert Barnes Plant Room & Warm Air Replacement QHIP 19-20		
Ward(s) or groups affected	Chaucer		
From	Director of Asset Management		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Albert Barnes House Plant Room Replacement and Internal Works QHIP 2019/20 via a mini-competition from the major works constructor framework to Vital Energi Utilities Ltd for a period of 33 weeks.

BACKGROUND INFORMATION

2. In October 2015, Cabinet approved the establishment of the major works constructor framework ('the framework') for a period of 4 years from 1 March 2016 in the four Lots as follows:
 - a. Lot 1 - Main building works (low value schemes up to £3.5m)
 - b. Lot 2 - Main building works (high value schemes over £3.5m)
 - c. Lot 3 - District mains, boilers and internal works
 - d. Lot 4 - Communal and electrical works
3. It was noted to Cabinet that the Strategic Director of Housing and Modernisation will take the decisions for works being instructed through the framework in line with his scheme of delegation and approval was obtained for exemption from contract standing order 4.5.2(h) requiring consideration of approval reports by the relevant DCRB for works being instructed through the framework.
4. The framework supports and works alongside the council's 3 existing major works partnering contracts ('partnering contracts') but more specifically, undertakes work in contract areas 1 and 2 where the partnering contracts were mutually concluded. It should be noted that 2 of the 3 partnering contractors act as reserve contractors for contract areas 1 and 2. The partnering contracts for contract areas 3, 4 and 5 are now in place until 13 June 2020 and have non-exclusive extensions in place with termination at will clauses. However, mini-competition through the framework will be used where there are no partnering contracts in existence.
5. The scope of works for this project is the complete renewal of communal heating system (currently a warm air heating system) which includes replacing the boilers and refurbishing the boiler house, renewing all the communal distribution pipework throughout the building to point of entry into each property / dwelling and modification of the existing BMS system.
6. Lot 3 is applicable to these works.

7. The duration of the works is 33 working weeks.
8. Works are expected to start on 30 October 2019 and complete on 15 June 2020.

Procurement project plan Key Decision)

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	17/06/2019
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	17/09/2018
Mini competition invitation	18/02/2019
Closing date for return of tenders	01/04/2019
Completion of evaluation of tenders	12/04/2019
Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	15/07/2019
Notification of forthcoming decision – Five clear working days	11/09/2019
Approval of Gateway 2: Mini competition award report	16/09/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24/09/2019
Contract award	30/09/2019
Add to Contract Register	30/09/2019
Contract start	30/10/2019
Publication of award notice on Contracts Finder	30/09/2019
Contract completion date	15/06/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to 1-99 Albert Barnes in the Chaucer area. [This includes 30 leasehold properties and 0 Right to Buy (RTB) applicants. The address details are as follows:

Block Address
1-99 Albert Barnes House SE1 6PJ

Policy Implications

10. This scheme is designed to deal with work to meet the **Quality Homes Investment Programme (QHIP) 2019/20** which includes works to district heating systems.
11. Planning consent **is not** required for the works being undertaken within this scheme.
12. As part of the overall procurement process for this framework, Vital Energy Utilities Ltd were assessed and indicated compliance with the council's equal opportunities policy. This scheme is for works to the housing stock and will benefit all residents in the blocks affected.
13. This report confirms that, where applicable, this scheme is designed in compliance with the council's design specification as included in the overall procurement process for the framework.

Mini competition Process

14. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
15. As the scope of this work is of a nature where charges can be recovered from leaseholders under section 20 of the Landlord and Tenant Act 1987, leaseholder consultation was carried out. The council did not receive leaseholder nominations.
16. All contractors listed on Lot 3 were invited to participate in the mini-competition process with instructions to return the tender by 4pm on 25 March 2019. The list of contractors invited is as follows:
 - **BSW Heating Ltd**
 - **MPS Housing Ltd (formerly Mitie Property Services (UK)Ltd)**
 - **Vital Energi Utilities Ltd**
 - **K&T Heating Services Ltd**
 - **Stapletech Ltd**
17. 3 contractors returned a tender. K&T Heating Services Ltd opted out of tendering and Staple-Tech Ltd declined to tender for this project due to lack of resources.

Mini-competition Evaluation

18. The tenders were evaluated in line with the rules set out in the framework.
19. Representatives from Potter Raper Ltd (formerly Potter Raper Partnership (PRP)) participated in the tender evaluation process which involved checking whether all requirements set out in the checklist were met and assessment of price and quality specific to this scheme.
20. All tenderers were required to complete and confirm that they meet the requirements set out in the checklist. The checklist was satisfactorily completed by all tenderers.
21. The quality element of the submissions was assessed on a pass/fail basis.
22. The quality criteria for these works were as follows:
 - **Resources and management of call-off contract.**
 - **Management of sub-contractors.**
 - **Health and Safety (H&S) proposals for the call-off contract.**
 - **Design Proposals.**

23. The quality submissions were scored using a 1 – 3 scoring systems as set out in the 'operation of the framework' document. At this stage, tenderers were required to meet a minimum threshold of 3. If they failed to meet this standard, they were not assessed any further in this process. All tenderers achieved the threshold 3.

24. The results of the quality criteria assessments were as follows:

Contractor	Pass/Fail
BSW Heating Ltd	Pass
MPS Housing Ltd	Pass
Vital Energi Utilities	Pass

25. Tenderers were required to complete a scheme specific schedule of rates. The price evaluation included the pricing of an actual works package plus rates for composite items. Separately tendered percentages applied to overheads and profit. The costs obtained for this scheme are based on the rates tendered within the framework. This does not preclude the contractor from offering a lower rate than the framework tender.
26. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by Potter Raper Ltd (formerly Potter Raper Partnership) (PRL)].
27. K&T Heating Services (K&T) and Stapletec Ltd declined to tender for this project.
28. The prices submitted by BSW Heating Ltd complied with tender requirements; the tender was arithmetically checked and found to contain higher than expected tender preliminaries equating to approximately 15.6% of the work sum. However, their design fees were below their framework rat of 4%.Clarification was raised by PRL and BSW confirmed that the 15% figure was the correct percentage.
29. The prices submitted by MPS Ltd fully complied with tender requirements; the tender was arithmetically checked and found to contain no arithmetical errors. However, MPS did not submit an executed parent guarantee or performance bond undertaking with their tender submission. The preliminaries pricing document submitted by MPS Housing Ltd equates to 10% of the works sum and was found to be in line with their submitted framework rates and projects of this nature.
30. The price submitted by Vital Energii Utilities Ltd (Vital) fully complied with tender requirement; the tender was arithmetically checked and found to contain no arithmetical errors. The preliminaries equated to approximately 6% of the work sum and are considered very competitive for a project of this nature and it is also below Vital's submitted framework rate of 8.5%.
31. The council's appointed quantity surveyor has confirmed that the pricing has been checked in line with the framework's schedule of rates and confirmed that they are a combination of equal to or lower than the rates set out on the framework.
32. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is Vital Energi Utilities Ltd.

Plans for monitoring and management of the contract

33. The performance of the framework contractors is monitored and managed by the investment team in accordance with the framework. Each project manager in the investment delivery team or other departmental officers calling from the framework provide a quarterly monitor on the performance of the framework contractors on the schemes they are working on as the framework contractors are expected to achieve

certain targets set out in the Key Performance Indicators (KPIs) around the areas of time, cost and quality.

34. The framework contractors are monitored against these KPIs on a regular basis as if the framework contractors fail to perform to the required standard, their 'call-off' contract(s) can be terminated, their mini-competition opportunities can be restricted or they can be removed from the framework.
35. It is confirmed that this framework contractor has had 0 contracts terminated, 0 mini-competition opportunity exclusions and they **have** been removed from the framework for Lot 3].
36. These 'call-off' contracts, whilst predominantly design and build contracts, have all design and work proposals examined and checked by both internal lead designers and cost consultants or by one of the council's professional technical services consultants, Calfordseaden LLP (Calfordseaden) or Potter Raper Ltd (formerly Potter Raper Partnership (PRL). It is confirmed for this scheme that the lead design services will be provided by Potter Raper Ltd (formerly Potter Raper Partnership) and cost management by Potter Raper Ltd..
37. The spend and performance is monitored by the head of investment and reported each quarter to the major works core group led by the Deputy Leader and Cabinet Member for Housing, the Housing Investment Board led by the Strategic Director of Finance and Governance.

Health and Safety Plan

38. The CDM 2015 regulations require a developed health and safety plan to be in place prior to commencement of works and the appointment of the principal designer Potter Raper Ltd at scheme inception. It is confirmed that the principal designer role will be provided by Potter Raper Ltd who were appointed on 15 April 2016. Works will not commence on site until it is confirmed that the health and safety plan is sufficiently developed for the type of works proposed.

Leasehold Implications

39. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team. These works are rechargeable to leaseholders and the estimated contributions range from £3,895.31 to £22,130.17.

Financial Implications

40. In addition to the works cost, it is considered prudent to add a 5% risk contingency fund, as identified in paragraph 2 above, to the contract sum to allow for any unforeseen issues. Any additional works will be agreed with the lead designer and project manager and any costs arising due to any unforeseen works will be agreed by the quantity surveyor.

Legal Implications

41. It is confirmed that this scheme falls under Lot 3 and the 'call-off' contract to be used is JCT Design and Build Contract 2011]. The contract documentation will be passed to legal services to formalise a contract for the scheme in due course.

Consultation

42. Consultation meetings were held with residents on 17 October 2018 and 10 June 2019.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (Ref)

43. N/A

Head of Procurement

44. N/A

Director of Law and Democracy

45. As the value (£1,710,244.00) of the intended contract is below the relevant EU threshold for works, a legal concurrent is not required.

Director of Exchequer (for housing contracts only)

46. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases. There are 30 leasehold properties and no RTB applicants included in the contract that will be affected by the works. In accordance with the Landlord and Tenant Act 1985 (as amended) Notices of Intention were served on 14 August 2018 and the observation period ended on 17 September 2018.

47. Section 20 Notices of Proposal were served on 15 May 2019 and expired on 17 June 2019. There were 9 observations received from leaseholders included in this package and it they were responded to in writing. The observations were not of a nature that would impact on the commencement of these works.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation contained in the above report.

Signature.....

Date

Michael Scorer, Strategic Director of Housing and Modernisation

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.
2. REASONS FOR DECISION
As set out in the report.
3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.
4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION
5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST <i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>
6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.* or I declare that I was informed of the conflicts of interests set out in Part B4.*
(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Title:	Held at	Contact
Major works project file	160 Tooley Street, SE1 2QH	

APPENDICES

Appendix number	Title of appendix
n/a	

AUDIT TRAIL

Lead Officer	Ferenc Morath, Head of Investment
Report Author	Bola Odusanya, Project Manager
Version	Final
Dated	19 September 2019

Key Decision	yes	If yes, decision date on forward plan	N/A
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Strategic Director of Finance and Governance	Yes	Yes	
Head of Procurement	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Director of Exchequer	Yes	Yes	
Cabinet Member	n/a	n/a	
Date final report sent to Constitutional Officer			