

Item No:	Classification: Open	Date: 26 May 2020	Decision Taker: Strategic Director of Housing and Modernisation
Report title	GW2 Cossall Estate Boiler Replacement & Systems Improvement QHIP 17-18		
Ward(s) or groups affected	Nunhead & Queens Rd		
From	Head of Investment		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Cossall Estate Boiler Renewal Programme QHIP 2017-18 call-off contract via a mini-competition from the major works constructor framework to BSW Heating Ltd for a period of 12 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 scheme includes replacement of replacement of the Cossall Estate boilers.
6. Lot 3 is applicable to these works.
7. The duration of the works is 12 working weeks.

8. Works are expected to start on 6 October 2020 and complete on 12 January 2021.

Procurement project plan Key Decision

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	27/03/2020
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	03/10/2017
Mini competition invitation	23/12/2019
Closing date for return of tenders	06/12/2019
Completion of evaluation of tenders	17/01/2020
Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	27/03/2020
Notification of forthcoming decision – Five clear working days	01/06/2020
Approval of Gateway 2: Mini competition award report	10/06/2020
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24/06/2020
Contract award	07/09/2020
Add to Contract Register	08/09/2020
Contract start	06/10/2020
Publication of award notice on Contracts Finder	07/09/2020
Contract completion date	12/01/2021

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to the Boiler Plant Room on the Cossall Estate in the Nunhead and Queens Rd area. This includes 17 freehold properties, 78 leasehold properties and 9 Right to Buy (RTB) applicants.
10. The address details are as follows:

Block Address	Property Reference
Cossall Estate	80393

Policy Implications

11. This scheme is designed to deal with work to meet the Quality Homes Investment Programme (QHIP) 2017-18 which includes works to replace boilers.
12. Planning consent is not required for the works being undertaken within this scheme.
13. As part of the overall procurement process for this framework, BSW Heating 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.
14. 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.

Decent Homes

15. Once all works are completed under this scheme, all properties will achieve the Government's Decent Homes standard.

Mini competition Process

16. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
17. 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 1985, leaseholder consultation was carried out. The council did not receive leaseholder nominations.
18. All contractors listed on Lot 3 were invited to participate in the mini-competition process with instructions to return the tender by 4pm 3 October 2019. The list of contractors invited is as follows:

- **K & T Heating Ltd**
- **MPS Housing Ltd**
- **BSW Heating Ltd**
- **Stapletech Ltd**
- **Vital Energi Ltd**

19. All 5 contractors returned a tender.

Mini-competition Evaluation

20. The tenders were evaluated in line with the rules set out in the framework.
21. Representatives from Calfordseaden LLP 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.
22. 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.
23. The quality element of the submissions was assessed on a pass/fail basis.
24. 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.

25. The quality submissions were scored using a 1 – 3 scoring system 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.

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

Contractor	Pass/Fail
BSW Heating	Pass
K & T Heating	Pass
Vital Energi Utilities	Pass
MPS Housing Ltd	Pass
Stapletech	Pass

27. 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.

Plans for monitoring and management of the contract

28. 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 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.

29. 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.

30. It is confirmed that this framework contractor has had 0 contracts terminated, 0 mini-competition opportunity exclusions and they have not been removed from the framework for Lot 3.

31. 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 or PRL. It is confirmed for this scheme that the lead design services will be provided by Calfordseaden and cost management by Calfordseaden.

32. 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

33. 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 at scheme inception. It is confirmed that the principal designer role will be provided by Calfordseaden who were appointed on 15 October 2015. 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

34. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team. These works are rechargeable to leaseholders.

Legal Implications

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

Consultation

36. Consultation meetings were held on 22 November 2017 and 10 March 2020 and update letters were sent on 1 December 2017, 15 August 2019 and 3 October 2019.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M20/005)

37. The report is requesting delegated approval from the Strategic Director of Housing and Modernisation to award the works package entitled Cossall Estate Boiler Renewal Programme QHIP 2017-18 call-off contract via a mini-competition from the major works constructor framework to BSW Heating Ltd for the sum of £838,538.
38. The report identifies the total cost of the works including fees and contingency to be £1,125,828. The financial implications section provides details on how these costs are to be funded. Any other costs connected with this contract are to be contained within existing departmental revenue budgets. There is an estimated resource shortfall for the Housing Investment Programme over the life of the programme.
39. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the tragic Grenfell fire and programme may be disrupted by the ongoing COVID 19 pandemic. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
40. Any variation or extension of the contract beyond the scope of this report will require further approval in line with the council's procurement protocols

Head of Procurement

41. N/A

Director of Law and Democracy

42. N/A

Director of Exchequer (for housing contracts only)

43. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases. There are 78 leasehold properties, 17 freehold properties and 9 Right to Buy 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 18 July 2017 and the observation period ended on 03 October 2017.

Section 20 notices of proposal were served on 12 February 2020 and expired on 27 March 2020. There was one observation received from a property included in this package. Homeowner estimated charges are £2,537.41 per property

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 9 June 2020

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

1. DECISION(S)

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	26 May 2020		
Key Decision	Yes	If yes, decision date on forward plan	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Strategic Director of Finance and Governance	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			

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	
Contract Description	
Contract Type	
Lead Contract Officer (name)	
Lead Contract Officer (phone number)	
Department	
Division	
Procurement Route	
EU CPV Code (if appropriate)	
Departmental/Corporate	
Fixed Price or Call Off	
Supplier(s) Name(s)	
Contract Total Value	
Contract Annual Value	
Contract Start Date	
Initial Term End Date	
No. of Remaining Contract extensions	
Contract Review Date	
Revised End Date	
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	
London Living Wage	

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.