

Item No:	Classification: Open	Date: 25 August 2020	Decision Taker: Strategic Director of Housing and Modernisation
Report title	GW2 Galvanised Tank Replacement Phase 2 QHIP 20-21		
Ward(s) or groups affected	All		
From	Head of Investment		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Boroughwide Tank Replacement QHIP 20/21 call-off contract via a mini-competition from the major works constructor framework to K & T Heating Ltd for a period of 26 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 galvanised cold water storage tanks.
6. Lot 3 is applicable to these works.
7. The duration of the works is 26 working weeks.

8. Works are expected to start on 28 September 2020 and complete on 13 April 2021.

Procurement project plan Key Decision

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	24/02/2020
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	28/10/2019
Mini competition invitation	03/10/2019
Closing date for return of tenders	06/12/2019
Completion of evaluation of tenders	13/01/2020
Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	15/05/2020
Notification of forthcoming decision – Five clear working days	10/06/2020
Approval of Gateway 2: Mini competition award report	15/09/2020
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	25/09/2020
Contract award	28/09/2020
Add to Contract Register	28/09/2020
Contract start	29/09/2020
Publication of award notice on Contracts Finder	28/09/2020
Contract completion date	13/04/2021

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to replace galvanised water tanks serving properties across the borough. This includes 180 leasehold properties and 4 Right to Buy (RTB) applicants across 30 blocks. There are no street properties involved in this scheme. The address details are as follows:

Block Address	PHAU
Chadwell House	812300005
Laurie House	201200005
Stopford Rd	833650050
Vaughan House	201400020
East St	811700005
Eglington Court	830350210
Sharsted St	834050010
Dighton Court	830350320
Hunter House	200350010
Murphy House	200350020
Crawford House	

Merrow House	2019500005
Trundle House	2011500015
Amigo House	2001000005
Olney Rd	830350370
Flaxman House	2008500005
Applegarth St	2001500005
Fielding St	833700020
Laing House	320800050
Redman House	201700005

Policy Implications

10. This scheme is designed to deal with work to meet the Quality Homes Investment (QHIP) 2020/21 which includes works to replace galvanised cold water storage tanks in communal areas across the borough.
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, K&T 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.
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.

Decent Homes

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

Mini competition Process

15. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
16. 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.
17. 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**
18. Only 3 contractors returned a tender.

Mini-competition Evaluation

19. The tenders were evaluated in line with the rules set out in the framework.
20. 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.
21. 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.
22. The quality element of the submissions was assessed on a pass/fail basis.
23. 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.
24. 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.
25. The results of the quality criteria assessments were as follows:

Contractor	Pass/Fail
K&T Heating Ltd	Pass
MPS Housing Ltd	Pass
BSW Heating Ltd	Pass

26. 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

27. 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.
28. 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.
29. 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.
30. 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..

31. 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

32. 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

33. The council's specialist housing services team has undertaken formal legal consultation with leaseholders. These works are rechargeable to leaseholders.

Legal Implications

34. 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

35. Consultation letters were sent on 13 August 2018 and held with 30 February 2020.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M20/018)

36. The reports seeks delegated approval from the Strategic Director of Housing and Modernisation for the award of the Boroughwide Tank Replacement QHIP 20/21 call-off contract via a mini-competition from the major works constructor framework to K & T Heating Ltd for a period of 26 weeks.
37. There is an estimated resource shortfall for the Housing Investment Programme over the life of the programme. 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 the 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.
38. 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

39. N/A

Director of Law and Democracy

40. N/A

Director of Exchequer (for housing contracts only)

41. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases. There are 180 leasehold properties and 4 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 26 September 2019 and the observation period ended on 28 October 2019.

42. Section 20 notices of proposal were served on 14 April 2020 and expired on 15 May 2020. There were two observations received from leaseholders included in this package and 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 7 September 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

1. DECISION(S)
None
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>
None
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	Bola Odusanya, Tel: 0207 525 7184

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	24 August 2020		
Key Decision	Yes	If yes, decision date on forward plan	September 2020
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	7 September 2020		

