

Item No:	Classification: Open	Date: 18 March 2021	Decision Taker: Strategic Director of Housing and Modernisation
Report title	Gateway 2 – Mardyke and Naylor Houses QHIP 2020/ 2021		
Ward(s) or groups affected	North Walworth		
From	Head of Investment		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Mardyke and Naylor Houses QHIP 2020/ 2021 call-off contract via a mini-competition from the major works constructor framework to Standage & Co. Ltd for a period of 40 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 roof repairs/ renewal, fabric repairs, rainwater goods and drainage repairs, window repairs, front entrance door upgrades/ replacements, external decorations, kitchen and bathroom replacements and electrical upgrades in tenanted properties as applicable, landlord electrical works as applicable.
6. The duration of the works is 40 working weeks.
7. Works are expected to start on 24 April 2021 and complete on 29 January 2022.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	23/03/2021
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	03/04/2020
Mini competition invitation	31/07/2020
Closing date for return of tenders	02/10/2020
Completion of evaluation of tenders	03/11/2020
Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	11/12/2020
Notification of forthcoming decision – Five clear working days	19/03/2021
Approval of Gateway 2: Mini competition award report	23/03/2021
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	30/03/2021
Contract award	06/04/2021
Add to Contract Register	06/04/2021
Contract start	24/04/2021
Publication of award notice on Contracts Finder	24/04/2021
Contract completion date	29/01/2022

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. This scheme consists of works to Mardyke and Naylor Houses in the Walworth area. This includes 18 leasehold properties and 1 Right to Buy (RTB) applicant. The address details are as follows:

Block Address
1-50 Mardyke House
1-24 Naylor House

Policy Implications

9. This scheme is designed to deal with work to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency and deliver the councils commitment to a quality kitchen and bathroom.
10. Planning consent is not required for the works being undertaken within this scheme.
11. As part of the overall procurement process for this framework, Standage & Co. 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.

12. 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

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

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 1 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 2 October 2020. The list of contractors invited is as follows:
 - A&E Elkins Ltd
 - Standage & Co. Ltd
 - Niblock (Builders) Ltd
 - Saltash Enterprises Ltd
 - Architectural Decorators Ltd
17. All contractors returned a tender.

Mini-competition Evaluation

18. The tenders were evaluated in line with the rules set out in the framework.
19. Representatives from Potter Raper Limited (formerly Potter Raper Partnership) (PRL) and the investment team 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
Standage & Co. Ltd	Pass
A&E Elkins Ltd	Pass
Architectural Decorators Ltd	Pass
Saltash Enterprises Ltd	Pass
Niblock (Builders) Ltd	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 PRL.
27. 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.
28. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is **Standage & Co. Ltd**.

Plans for monitoring and management of the contract

29. 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.
30. 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.
31. 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 1.
32. 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 PRL and cost management by PRL.
33. 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.
34. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

Health and Safety Plan

35. 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 PRL. 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. This will include updates to reflect the Government's current Covid-19 measures and ensure that all areas have been covered for the safety of operatives and the general public, such as transport; training procedures; welfare facilities; site monitoring & supervision; PPE and waste management, as well as action to be taken if compliance is not followed.
36. An extra method statement will be requested from Standage & Co Ltd, after approval of report and referenced in the letter of award, to explain how they will manage the site during Covid-19 in line with the CLC's Site Operating Procedures (SOP) and how they will make assurances as to standards of health and safety on site.
37. We will be including the new clauses required due to Covid-19 health and safety requirements into this contract at the award stage as part of the award letter instruction.

Leasehold Implications

38. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team.

Financial Implications

39. 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

40. It is confirmed that this scheme falls under Lot 1 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

41. Consultation meetings were held with residents on 16 December 2019 and on 16 November 2020 to discuss the scope of works. In addition, a virtual leaseholders meeting via Zoom was held on 7 January 2021 to discuss their contributions. All residents, the T&RA and local councillors will be written to advise the commencement date of the works and a further meeting will be held.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M20/158)

42. The report seeks approval from the Strategic Director of Housing and Modernisation to award the works contract known as Mardyke and Naylor QHIP 2020/2021 call-off contract via a mini-competition from the major works constructor framework to Standage & Co. Ltd.
43. 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.

44. 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

Director of Law and Governance

45. 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 18 leasehold properties 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 19 March 2020 and the observation period ended on 11 May 2020.
47. Section 20 notices of proposal were served on 11 December 2020 and expired on 24 February 2021. There were 3 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(s) contained in the above report (and as otherwise recorded in Part B below).

Signature: 

Date 31 March 2021

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 (see 'FOR DELEGATED DECISIONS' section of the guidance).

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

1. DECISION(S)
Not applicable.
4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION
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>
n/a
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	Asset Management (electronically) 160 Tooley Street, SE1 2QH	Bola Oludipe 020 7525 0148

APPENDICES

No	Title
None	None

AUDIT TRAIL

Lead Officer	Ferenc Morath, Head of Investment		
Report Author	Bola Oludipe, Contract Manager		
Version	Final		
Dated	18 March 2021		
Key Decision	Yes	If yes, decision date on forward plan	March 2021
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 Governance	Yes	Yes	
Director of Exchequer	Yes	Yes	
Cabinet Member	n/a	n/a	
Date final report sent to Constitutional Officer			31 March 2021