

<b>Item No:</b>	<b>Classification:</b> Open	<b>Date:</b> 25 August 2021	<b>Decision Taker:</b> Strategic Director of Housing and Modernisation
<b>Report title</b>	Gateway 2 - Contract award for new Hidden Homes conversions at 87 Grosvenor Rd, SE5; Store at Breamore House, Friary Est and space at ground floor Whaddon House		
<b>Ward(s) or groups affected</b>	Old Kent Road, Champion Hill, Newington		
<b>From</b>	Director of New Homes		

## RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the 1A Breamore House, 7 Whaddon House and Flats 1 & 2, 87 Grosvenor Park, Hidden Homes call-off contract via a mini-competition from the major works constructor framework to Saltash Enterprises Ltd, for a period of 29 weeks from 18 October 2021 in the sum of £653,524.10. These will not be a full new build but the conversion of disused spaces within an existing block (Breamore and Whaddon House) and the conversion of a 4 storey street property into two flats.
2. That the Strategic Director of Housing and Modernisation notes that:
  - The total project costs as detailed in paragraph 39.
  - There is no loss to green space as a result of these works.
  - The Insulation upgrades to each property will improve the SAP rating and thermal efficiency, reducing heat loss and reducing energy costs.

## BACKGROUND INFORMATION

3. 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. 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
4. In February 2021 an extension of the term Major Works Framework for an additional year to 15 February 2022 via a Gateway 3 report was sought and approved by the Strategic Director of Housing and Modernisation.
5. 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.

6. 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 15 February 2022 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.
7. Lot 1 is applicable to these works.
8. The duration of the works is 29 working weeks.
9. Works are expected to start on 18 October 2021 and complete on 9 May 2022

#### **Procurement project plan (Key Decision)**

<b>Activity</b>	<b>Completed by/Complete by:</b>
Forward Plan for this Gateway 2 decision	30/09/2021
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Mini competition invitation	23/03/2021
Closing date for return of tenders	04/05/2021
Completion of evaluation of tenders	18/06/2021
Notification of forthcoming decision – Five clear working days	20/08/2021
Approval of Gateway 2: Mini competition award report	31/08/2021
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	08/09/2021
Contract award	09/09/2021
Add to Contract Register	09/09/2021
Contract start	18/10/2021
Publication of award notice on Contracts Finder	18/10/2021
Contract completion date	09/05/2022

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

10. This scheme consists of works to a redundant end of block ground floor storage area at Breamore House in the Old Kent Road ward, creating one new residential unit. An old Nursery at 6 Whaddon House on the Champion Hill ward, Estate, creating one new residential unit and an existing void house at 87 Grosvenor Park creating two new residential units. The addresses are as follows:

Property Address	Bed space	Units
1A Breamore House	1 bed 2 persons	1
7 Whaddon House	3 bed 5 persons	1
Flat 1 & 2, 87 Grosvenor Park	2 bed 3 persons	2

11. This scheme is designed to help meet the target as set out in the council's New Homes Programme to deliver 11,000 new council homes at social rents by 2043, of which 2,500 will be delivered by 2022.

12. The Environmental and sustainability

- 87 Grosvenor Park: New linings to the internal faces of existing external walls that include new layer of insulation, new insulation layers to internal load bearing walls, thermal insulation to ceilings throughout, thermal layer to internal floor areas throughout, new double glazed timber window units to all elevations and new heating and electrical system throughout (more efficient than previous installation).
- Breamore House: New linings to the internal faces of existing external walls that include new layer of insulation, new insulation layers to internal load bearing walls, thermal insulation to ceilings throughout, thermal layer to internal floor areas throughout, new double upvc window units to all elevations and new heating and electrical system throughout (more efficient than previous installation).
- Whaddon House: New linings to the internal faces of existing external walls that include new layer of insulation, new insulation layers to internal load bearing walls, thermal insulation to ceilings throughout, thermal layer to internal floor areas throughout, new double upvc window units to all elevations and new heating and electrical system throughout (more efficient than previous installation).
- Also, all internal partition walls are constructed from timber and likely from a renewable source which has a lower environmental impact than using concrete.

13. The Hidden Homes will not cause any loss to any green space in the borough.
14. Planning consent is required for the works being undertaken within this scheme and has been obtained for all of the sites.
15. As part of the overall procurement process for this framework, Saltash Enterprise 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.
16. 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**

17. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
18. All contractors listed on Lot 1 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 4 May 2021. The list of contractors invited were:
  - Company A
  - Company B
  - Company C
  - Saltash Enterprises Ltd
  - Company D
19. Company C and Company D did not submit a tender due to time constraints and not being able to obtain firm prices.

### **Mini-competition Evaluation**

20. The tenders were evaluated in line with the rules set out in the framework.
21. Representatives from Potter Raper Limited (formerly Potter Raper Partnership) (PRL) participated in the tender evaluation process which involved checking whether all requirements set out in the checklist were met and an 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 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.
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.
27. Prices were sought from contractors within this Lot 1.
28. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRL
29. 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.
30. Therefore, on the basis of the mini-tender submitted, the contractor recommended for this scheme is **Saltash Enterprises Ltd.**

#### **Plans for monitoring and management of the contract**

31. The performance of the framework contractors is monitored and managed by Major Works team in accordance with the framework. Each project manager in the New Homes 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.
32. 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.
33. 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.
34. 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.

35. The spend and performance is monitored by the head of development 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.
36. 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**

37. 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.
38. The new clauses required due to Covid-19 health and safety will be included into this contract at the award stage as part of the award letter instruction.

### **Leasehold Implications**

39. There are not leasehold implications, however leaseholders were consulted about the development of Hidden Homes being added to the block.

### **Financial Implications**

40. The cost of the works arising from this procurement is £653,524. The project will also have associated on costs of £121,714. The costs will be reported on the costs codes Breamore House H -8889-9704; Whaddon House H-8889-9781; Grosvenor House H-8889-9781 for effective monitoring and reporting.
41. The works identified in this report form part of the New Homes Delivery Programme Funding for these works will be from Section 106 monies and Greater London Authority of £160,000.00 grant funding.

## **Legal Implications**

42. 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**

43. For Hidden Homes our consultation is done via letters and newsletters to the block/house and the surrounded area. All residents, the Tenant & Residents Association (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**

44. The report seeks approval from the Strategic Director of Housing and Modernisation to award the works contract known as 1A Breamore, 7 Whaddon and Flats 1 & 2, 87 Grosvenor Hidden Homes call-off contract via a mini-competition from the major works constructor framework to Saltash enterprise Ltd as detailed in paragraph 1.
45. 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.
46. 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**

47. The legal implications are contained in the main body of this report. At this value, a legal concurrent is not required.

### **Director of Exchequer (for housing contracts only)**

48. These are Hidden Homes, therefore this is not chargeable to leaseholders under the terms of their leases.

**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).



6 September 2021

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 (see ‘FOR DELEGATED DECISIONS’ section of the guidance).

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.
<b>2. REASONS FOR DECISION</b>
As set out in the report.
<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Not applicable.
<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION</b>
<b>5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST</b>
<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>
<b>6. DECLARATION ON CONFLICTS OF INTERESTS</b>



<b>1. DECISION(S)</b>
<b>I declare that I was informed of no conflicts of interests.*</b>
<b>Or</b>
<del><b>I declare that I was informed of the conflicts of interests set out in Part B4.*</b></del>
(* - Please delete as appropriate)

\* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

## BACKGROUND DOCUMENTS

<b>Title:</b>	<b>Held at</b>	<b>Contact</b>
Tender Report for LBS HH Phase 10 – Refurbishment works at 87 Grosvenor Park, Breamore House and Whaddon House	Asset Management (electronically) 160 Tooley Street, SE1 2QH	Rowena Bent 0207 525 1031

## APPENDICES

<b>No</b>	<b>Title</b>
None	None

## AUDIT TRAIL

<b>Lead Officer</b>	Sonia Hamilton, Development Manager		
<b>Report Author</b>	Rowena Bent, Project Officer		
<b>Version</b>	Final		
<b>Dated</b>	25 August 2021		
<b>Key Decision</b>	Yes	<b>If yes, decision date on forward plan</b>	September 2021
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>	
Strategic Director of Finance and Governance	Yes	Yes	
Head of Procurement	Yes	Yes	
Director of Law and Governance	Yes	Yes	
Cabinet Member	n/a	n/a	
<b>Date final report sent to Constitutional Officer</b>	6 September 2021		