

Item No.	Classification: Open	Date: 25 June 2014	Meeting Name: Strategic director of housing & community services
Report title:		Gateway 2 - Contract Award Approval Lancaster, Rushworth & Boyfield Estates Warm, Dry and Safe works	
Ward(s) or groups affected:		Catherdral	
From:		Head of Major Works	

Not for publication by virtue of category 3 paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution

RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of the Lancaster, Rushworth & Boyfield Estates Warm, Dry and Safe works contract to Thomas Sinden Ltd for a period of 30 weeks.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 11 June 2013. The approved competitive tendering procurement strategy was followed.
3. **This is a Key Decision**
 - The contract is for a period of 30 weeks (plus a four (4) week lead in period).
 - There is no specific extension built into the contract.
 - The contract price is not index linked.
4. External consultants, Frankham were appointed on 8 May 2013, via 3 quotes, to provide the full building surveying functions including lead designer (LD), quantity surveyor (QS) function and CDM Co-ordinator (CDM-C) required on this contract in accordance with Contract Standing Orders 5.2. Frankham's contract is up to tender and award stage of the project only, after which there will be formal hand over to PRP who will deliver the project on site.
5. On 1 November 2013, PRP were appointed, by way of an order from the council's Long Term Agreement, to provide the full building surveying functions, the CDM Coordinator's role (CDM-C) and the quantity surveyor (QS) function required for this project which will commence from award and construction phase to end of defects period.
6. There have been delays to the original project timings that were advised within the Gateway 1 report. The main reasons for the slippage to the original project plan was delays with completion of Frankham's feasibility survey document and further delays with their preparation of the tender documents, resulting in several revisions before the documents could be tendered.

Procurement project plan (Key Decision)

- 7.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	June 2014
Approval of Gateway 1: Procurement Strategy Report	11 June 2013
Issue Notice of Intention	27 Aug 2013
Invitation to tender	11 Oct 2013
Closing date for return of tenders	8 Nov 2013
Completion of evaluation of tenders	18 Nov 2013
Issue Notice of Proposal	12 Feb 2014
DCRB Review Gateway 2:	16 June 2014
Notification of forthcoming decision	24 June 2014
Approval of Gateway 2: Contract Award Report	26 June 2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	7 July 2014
Contract award	10 July 2014
Add to Contract Register	10 July 2014
Contract start	3 Aug 2014
TUPE Consultation period	N/A
Contract completion date	5 Mar 2015
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. The works will affect:

Lancaster Estate

- 1-15 Gibbing House
- 1-24 Brookwood House
- 1-27 Tadworth House

Rushworth & Boyfield Estate – Listed Buildings

- 1-4 Albury Buildings
- 5-8 Albury Buildings
- 9-12 Albury Buildings
- 13-24 Albury Buildings
- 10-36 Ripley House
- 1-12 Clandon Building
- 1-12 Merrow House

9. The proposed works following full surveys comprise of:

All blocks:

- Address any potential high risks identified under Housing Health & Safety Rating System (HHSRS)
 - Undertake type 1 & 2 electrical repairs as may be required
 - Window renewal to Gibbing House and Brookwood House only
 - Renew roof coverings to Gibbing House and Brookwood House only
 - Renew bathroom elements within council tenanted dwellings
 - Replacement and upgrading (where possible) of existing individual front entrance doors and frames and secondary escape doors to 30 minute fire resistance
 - Renew bathroom elements within council tenanted dwellings
 - Renew lateral and rising mains
 - Structural repairs to balcony balustrades
 - Window care repairs and decorations to the listed building blocks
10. This scheme is a capital scheme which was drawn up by Frankham to bring the external elements on the properties up to standards required to meet current legislation. The carrying out of these works will make all properties compliant with the current Warm, Dry and Safe (WDS) standard.

Key/Non Key decisions

11. This report deals with a key decision.

Policy implications

12. This proposed contract for refurbishment of properties on the Lancaster, Rushworth & Boyfield Estates maintains the council's obligations to make all properties warm, dry and safe by 2016 as set out by cabinet.
13. Planning permission is required for window replacements for those properties identified for window renewal and front entrance door renewals to the properties in the listed building blocks.
14. Building Control Approval will only be required for specific elements and as such will be sought by way of a 'Building Notice' once work commences.

Tender process

15. As outlined in the Gateway 1 report approved on 11 June 2013, Contract Standing Orders requires a minimum of five (5) contractors to be invited to tender from the council's works Approved List. Tenders were issued to five (5) contractors on 11 October 2013 with instructions to return a completed tender by 12 noon on 8 November 2013 - all from the general works category on the council's works Approved List.
16. No nominations were made by leaseholders.

Tender evaluation

17. Four (4) tenders were returned to 160 Tooley Street on or by 12 Noon on 8 November 2013 and were opened on the same day. One (1) contractor (KNK Building Services Ltd) returned the tender documents together with a letter of withdrawal on 12 November 2013.
18. Tenders were evaluated on the basis of M.E.A.T (most economically advantageous tender) using a weighted model of 70:30 price and quality.
19. The tender evaluation process was undertaken by Frankham's LD, QS and Health & Safety Co-ordinator in conjunction with officers from the council's major works team who were consulted in regards to evaluation outcomes before final approval of the tender report.
20. Tenderers were required to provide information to support their quality submission. The quality assessment was weighted in relation to the level of importance put upon each criterion and is detailed in the Tender Evaluation Methodology issued within the tender documents. The results of the quality assessment are summarised in a table in paragraph 23.
21. Tender submitted are as follows:

Contractor
Thomas Sinden Ltd
Contractor 1
Contractor 2
Contractor 3
Contractor 4

22. All documents submitted were checked for general compliance with the tender requirements by Frankham
23. The summary results of the evaluation are shown in the schedule below:

Summary Cost and Quality Evaluation				
Rank	Organisation	Quality Score (out of 30)	Price Score (out of 70)	Total Score (out of 100)
1	Thomas Sinden Ltd	20.5	70	90.5
2	Contractor 1	24	65	89
3	Contractor 2	22	64	86

24. Five (5) contractors were invited to tender for the works, four (4) contractors returned tenders, one (1) contractor withdrew from the tender process and one contractor's submission was not assessed as they were suspended from the council's works Approved List. The council considers, after taking advice from Frankham, that the market was adequately tested. The cost/quality evaluation concludes that Thomas Sinden Ltd offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Thomas Sinden Ltd.

25. The date for acceptance of the above tender expired on 8 May 2014. Thomas Sinden Ltd has confirmed that they will hold their tender price until the end of July 2014.
26. A Risk Pot allocation of 5% of the contract sum was agreed at the Gateway 1 approval stage.

Plans for the transition from the old to the new contract

27. Not applicable.

Plans for monitoring and management of the contract

28. The contract will be managed on a day to day basis by PRP who will provide full consultancy services for the Lancaster, Rushworth & Boyfield Estates WDS project, following formal hand over from Frankham who was originally providing the consultancy services.
29. In addition to PRP, there will be a contract manager, a customer relationship officer and a project manager from the council's major works team allocated to this scheme. These council officers will monitor PRP and the performance of Thomas Sinden Ltd and arrange regular meetings with the residents' project team at which contractor performance will be discussed.
30. PRP are providing full quantity surveying services for the contract and all costs will be monitored by PRP and officers from the council's major works team.

Identified risks for the new contract

31. Specific risks identified, impact, likelihood and mitigation controls for this contract are outlined below:

Risk	Impact	Probability	Mitigation
Poor performance or poor quality workmanship.	Medium	Low	Regular meetings to review performance scheduled from the outset. Establish processes of quality control and works inspections before sign off. The contract provides for a 12 month defects liability period for all work undertaken.
Company goes into liquidation, administration or ceases trading.	High	Low	A performance bond will be obtained and the council will re-tender the works if necessary. Paragraph 61 confirms that Thomas Sinden Ltd is considered at low risk of going bankrupt within the next 12 months.

Other considerations (For Housing Department works contracts only)

32. This report seeks approval for the acceptance of the lowest most economically advantageous tender in accordance with Contract Standing Order 4.5.2. It is therefore considered that there are no alternative viable options.

Design Specification Compliance

33. A Specification has been drawn in compliance with the design guide wherever possible.

Leasehold Implications

34. Formal legal consultation with leaseholders has been undertaken by Specialist Housing Services.

Decent Homes

35. This scheme has been designed to ensure the blocks will meet the minimum WDS decent homes standards.

Community impact statement

36. The proposed works are for the refurbishment of council housing and as such will affect council tenants and leaseholders on the Lancaster, Rushworth & Boyfield Estates. The level of disturbance has been considered to be relatively low; it will not adversely affect any particular group and will not involve any resident being decanted.
37. The level of disturbance or disruption to the general public is considered negligible as the blocks sit within a council estate and the works will not impact the public highway.
38. The proposed works, which are for refurbishment of council housing, will not adversely affect any one particular group.

Economic considerations

39. Thomas Sinden Ltd are a medium size building company based within London and will be encouraged to utilise local labour markets to deliver the works.

Social considerations

40. In November 2012 the council became an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and sub-contractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report approved on 11 June 2013 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. Thomas Sinden Ltd has confirmed that they exceed the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.

Environmental considerations

41. The proposed works includes the replacement of windows which will provide a 30 year minimum life and provide increased energy efficiency through improved thermal performance, increased security and increased noise insulation. The new windows shall be safe to operate and clean, and shall be as maintenance free as possible. Works also include the roof covering renewal; this will increase the thermal performance of the building and reduce the heating demand for the top floor properties thus reducing energy usage.

Market considerations

42. Frankham believe that the market has been adequately tested based on the tenders received from the contractors taken from the council's works Approved List. Frankham's recommendations were considered and agreed by the Area Project Manager within the major works team.

Staffing implications

43. There are no specific implications.

Financial implications

44. The works are part of the Housing Investment Capital programme. Main works and fees costs will be coded to a capital cost code from the Warm, Dry and Safe budget.
45. The cost of these works will be met from the following budget allocations:-
 - a. H-1211-9221 "Lancaster, Rushworth & Boyfield Estates"
 - b. WDS contingency budget allocation.

Investment implications

46. Please refer to paragraphs 45 to 46 above.

Second stage appraisal

47. An Experian credit check was obtained on 21 May 2014, Thomas Sinden Ltd are a contractor and the report indicates they are creditworthy and there is a low risk of the company becoming bankrupt in the next 12 months.

Legal implications

48. In line with the requirements of Contract Standing Orders, the report confirms that tenders were invited from contractors from the council's works Approved List and that adequate financial provision has been made to fund the expenditure associated with the delivery of this project. Paragraph 27 confirms that a section of Thomas Sinden Ltd's priced Schedule was omitted and upon request this section was provided. This omission did not alter the overall tender sum submitted and they were not afforded additional opportunity to amend their price.

Consultation

49. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
50. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
51. Further consultation with residents will take place prior to award the contract and leaseholders have been formally consulted in line with legislative requirements by way of Notice of Intention and Notice of Proposal.
52. A project team incorporating both tenants and leaseholders will be formed to meet on a regular basis and act as a conduit for information between residents in general and officers.
53. Thomas Sinden Ltd will issue regular newsletters to the blocks throughout the contract period.

Other implications or issues

54. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

55. As the value of this contract is below the EU threshold for works no formal procurement concurrent is required.

Director of Legal Services

56. The legal implications are contained within the main report. At this value, no legal concurrent is required.

Strategic Director of Finance and Corporate Services (CAP14/029)

57. This report is requesting approval from the Strategic Director of Housing and Community Services to award the Lancaster, Rushworth and Boyfield Estates Warm, Dry and Safe contract to Thomas Sinden Ltd following a tender evaluation process as reflected in the report.
58. The financial implications indicate that the costs of these works are to be funded from the budgets for Lancaster, Rushworth and Boyfield Estates and WDS contingency budgets.
59. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

Head of Specialist Housing Services (For Housing contracts only)

60. Formal legal consultation with leaseholders has been undertaken by specialist housing services. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.

61. There are 36 leaseholders in the contract that will be affected by the works. In accordance with the Landlord and Tenants act 1985 (as amended) section 20 notices of intention were served on 30 July 2013 and the observation period expired on 30 August 2013. There was 1 observation received from leaseholders at this stage.

63. Section 20 notices of proposal were served on 25 April 2014 and expired on 29 May 2014. There were 7 observations received from leaseholders included in this package, the main observations were:

- Why not renew windows at listed blocks
- Request for details on window repairs listed blocks
- Fed renewal listed blocks
- Why provisional asbestos removal
- Can soffits be redecorated as well

64. None of the above observation would lead to a delay in proceeding with these works.

FOR DELEGATED APPROVAL

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.

Signature *Colin Scott* Date..... *9.7.14*

Designation **Strategic Director of Housing and Community Services**

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Lancaster Rushworth & Boyfield Estates WDS Gateway 1 'open' report	Major Works, Housing and Community services	Jo Taylor x53614

APPENDICES

No	Title

AUDIT TRAIL

Lead Officer	David Markham – Head of Major Works
Report Author	Jo Taylor- Contract Manager
Version	Final
Dated	9 July 2014
Key Decision?	Yes

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Cabinet	N/a	N/a
Date final report sent to Constitutional Team		9 July 2014

