

Item No.	Classification: Open	Date: 23 September 2014	Meeting Name: Strategic director of housing and community services
Report title:		Gateway 2 Alvey Estate, Mardyke and Naylor Houses Warm, Dry and Safe works	
Ward(s) or groups affected:		Walworth	
From:		Head of Major Works	

RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of the Alvey Estate, Mardyke and Naylor Houses Warm, Dry and Safe works contract to Keepmoat Regeneration (Apollo) Ltd for a period of 39 weeks.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 13 February 2014. The approved competitive tendering procurement strategy was followed.
3. **This is a Key Decision.**
 - The contract is for a period of 39 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, PRP were appointed on 1 November 2013, 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.
5. 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 arose from delays with the preparation and verification of the tender documents and extension of time requirements of Home Ownership Unit (HOU) in order to issue the Notice of Proposals (NOP) to leaseholders.

Procurement project plan (Key Decision)

6.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	Sept 2014
Approval of Gateway 1: Procurement Strategy Report	13 Feb 2014
Issue Notice of Intention	20 Jan 2014
Invitation to tender	27 Mar 2014
Closing date for return of tenders	23 April 2014
Completion of evaluation of tenders	20 May 2014
Issue Notice of Proposal	17 July 2014
DCRB Review Gateway 2	8 Sept 2014
Notification of forthcoming decision	17 Sept 2014
Approval of Gateway 2: Contract Award Report	19 Sept 2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	29 Sept 2014
Contract award	2 Oct 2014
Add to Contract Register	4 Oct 2014
Contract start	30 Oct 2014
TUPE Consultation period	N/A
Contract completion date	9 July 2015
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

7. The works will affect: **Alvey Estate** - 1-20 Dent House, 1-20 Staunton House, 1-24 Thomson House, 1-70 Innis House, 1-25 Knight House. **Mardyke House** - 1-50 Mardyke House. **Naylor House** - 1-24 Naylor House.

8. The proposed works following full surveys comprise of:

Alvey Estate - all blocks:

- Renew/repair pitched roofs and flat roofs to blocks as required
- Repair chimneys, soffits and parapets where scaffolding will be erected to replace roofs
- Replace rainwater systems where identified
- Carry out structural works to balcony walls and floors where required
- Carry out repairs to brickwork
- Refurbish bin stores in blocks

- Renew bathroom elements within council tenanted dwellings
- Install extractor fans to council tenanted dwellings
- Upgrade landlords electrics where required
- Carry out PIR tests to dwellings
- Rewire council tenanted flats as required
- Address any potential high risks identified under housing health and safety rating system (HHSRS)
- Undertake asbestos removal to disturbed areas within dwellings and undertake asbestos removal to disturbed communal areas
- Installation of LD2 smoke alarms in tenanted properties

Mardyke and Naylor Houses

- Repair pitched roofs as required
 - Repair soffits and parapets where required
 - Replace rainwater systems where identified
 - Carry out structural works to balcony walls and floors where required
 - Carry out repairs to brickwork
 - Refurbish bin stores in blocks
 - Renew bathroom elements within council tenanted dwellings
 - Install extractor fans to council tenanted dwellings
 - Upgrade landlords electrics where required
 - Carry out PIR tests to dwellings
 - Rewire council tenanted flats as required
 - Address any potential high risks identified under housing health and safety rating system (HHSRS)
 - Undertake asbestos removal to disturbed areas within dwellings and undertake asbestos removal to disturbed communal areas
9. The Gateway 1 report stated that roof renewal work would be carried out at Staunton House, Thomson House, Dent House and Knight House. However, after a subsequent survey by PRP, the roof coverings were deemed to be in fairly good condition having been last replaced in the 1990's, except for the roof covering at Staunton House. Therefore, the roof renewal work has been omitted for Thomson House, Dent House and Knight House but retained for Staunton House.
10. This scheme is a capital scheme which was drawn up by PRP 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 Alvey Estate, Mardyke and Naylor Houses maintains the council's obligations to make all properties warm, dry and safe by 2016 as set out by cabinet.

13. 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. PRP has confirmed that Planning Approval is not required for this scheme.

Tender process

14. As outlined in the Gateway 1 report approved on 13 February 2014, Contract Standing Orders requires a minimum of five contractors to be invited to tender from the council's works Approved List. On this occasion, six contractors were invited to tender for these works – all from the general works category of the council's works Approved List. However, only five of the six contractors collected tenders from 160 Tooley Street on 27 March 2014, with instructions to return a completed tender by 12 noon on 23 April 2014. One contractor failed to collect the documents.
15. No nominations were made by leaseholders.

Tender evaluation

16. Four tenders were returned to 160 Tooley Street on or by 12 Noon on 23 April 2014 and were opened on 24 April 2014. One contractor (Acclaim Contracts Ltd) did not return a tender. Acclaim Contracts Ltd wrote on 2 April 2014 withdrawing from the tender process due to their limited expertise with internal works.
17. 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.
18. The tender pricing evaluation process was undertaken by PRP's Quantity Surveyor (QS). The quality evaluation process was assessed individually by one of PRP's partners, PRP's QS and two officers from the major works team.
19. 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 22.
20. Tender were submitted are as follows:

Ref	Contractor
1	Keepmoat Regeneration (Apollo) Ltd (Keepmoat)
2	Repex Ltd (Repex)
3	Standage & Co. Ltd (Standage)
4	Higgins Construction Plc (Higgins)
5	Acclaim Contracts Ltd

21. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.
22. The summary results of the quality evaluation is shown in the table below:

Evaluation Criterion	Keepmoat (Score)	Repex (Score)	Standage (Score)	Higgins (Score)
Method Statement 1: Mobilisation	7.75	4.25	3.50	7.25
Method Statement 2: Health & safety	8.75	4.75	3.25	6.75
Method Statement 3: Risk management	8.50	4.25	2.50	8.50
Method Statement 4: Resident & leasehold Engagement	8.50	2.25	4.75	9.00
Method statement 5: Quality Control	8.75	3.50	3.75	7.75
Method Statement 6: Programme Statement	8.50	5.25	3.50	7.50
Total Quality Score	50.75	24.25	21.25	46.75
Weighting	25.38	12.13	10.63	23.38

23. In terms of assessing the quality of the method statement proposals from Keepmoat - they scored the highest. The scores awarded indicate that Keepmoat's responses are good/excellent and meet all the requirements which are good/fully evidenced. Paragraph 39 identifies the management arrangements in place to ensure that this high standard is maintained.
24. 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	Keepmoat	25.38	70.00	95.38
2	Repex	12.13	62.40	74.53
3	Standage	10.63	60.25	70.88
4	Higgins	23.38	38.25	61.63

25. Six contractors were invited to tender for the works with two contractors failing to return a completed tender. The council considers, after taking advice from PRP, that the market was adequately tested. The cost/quality evaluation concludes that Keepmoat offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Keepmoat Regeneration (Apollo) Ltd.
26. The date for acceptance of the above tenders will expire on 22 October 2014.
27. 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

28. Not applicable.

Plans for monitoring and management of the contract

- 29. The contract will be managed on a day to day basis by PRP who will provide full consultancy services for the Alvey Estate, Mardyke and Naylor Houses WDS project.
- 30. 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 project. These council officers will monitor PRP and the performance of the Keepmoat and arrange regular meetings with the residents' project team at which contractor performance will be discussed.
- 31. 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

32. 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. Keepmoat has confirmed that they are part of a larger group and a parent company guarantee will also be obtained. Paragraph 46 confirms that Keepmoat are considered at very low risk of going bankrupt within the next 12 months.

Other considerations

33. This report seeks approval for the acceptance of the 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

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

Leasehold Implications

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

Decent Homes

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

Community impact statement

37. The proposed works are for the refurbishment of council housing and as such will affect council tenants and leaseholders on the Alvey Estate and in Mardyke and Naylor Houses. 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.
38. 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.
39. The proposed works, which are for refurbishment of council housing, will not adversely affect any one particular group.

Economic considerations

40. Keepmoat are a large size building company based within Essex and will be encouraged to utilise local labour markets to deliver the works.

Social considerations

41. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, its contractors and sub-contractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report approved on 13 February 2014 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. Keepmoat 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

42. The proposed works includes the replacement of the roof covering at Staunton House; this will increase the thermal performance of the building and reduce the demand for heating within the top floor dwellings, thus reducing energy consumption.

Market considerations

43. PRP believe that the market has been adequately tested based on the tenders received from the contractors taken from the general works category of the council's works Approved List. PRP's recommendations were considered and agreed by the area project manager within the major works team.

Staffing implications

44. There are no specific implications.

Financial implications

45. The works are part of the Housing Investment Capital programme and form part of the Warm, Dry and Safe works. The cost of these works will be coded to the a capital cost code for "Alvey/Mardyke/Naylor".

Second stage appraisal

46. An Experian credit check was obtained on 27 May 2014, Keepmoat Regeneration (Apollo) Ltd are a contractor and the report indicates they are creditworthy and there is a very low risk of the company becoming bankrupt in the next 12 months.

Legal implications

47. In line with the requirements of Contract Standing Orders, the report confirms that tenders were invited from contractors from the general works category of the council's Approved List and that adequate financial provision has been made to fund the expenditure associated with the delivery of this project. There are no other specific legal implications arising at this stage.

Consultation

48. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
49. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
50. 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 as outlined in paragraph 81.

51. 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.
52. Keepmoat will issue regular newsletters to the blocks throughout the contract period.

Other implications or issues

53. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

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

Director of Legal Services

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

Strategic Director of Finance and Corporate Services (CAP14/043)

56. The report is requesting delegated approval from the strategic director of housing and community services to award the works contract entitled "Alvey Estate, Mardyke and Naylor Houses Warm, Dry and Safe works" to Keepmoat Regeneration (Apollo) Ltd.
57. The financial implications as stated in paragraph 44 indicate that the costs of these works will be met from the budget allocated for this scheme.
58. 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)

59. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
60. There are 59 leaseholders included in the contract that will be affected by the works. In accordance with the Landlord and Tenant Act 1985 (as amended) section 20 notices of intention were served on 20 January 2014 and the observation period expired on 25 February 2014. There were two observations received from leaseholders at this stage.
61. Section 20 notices of proposal were served on 21 July 2014 and expired on 26 August 2014. There were 6 observations received from leaseholders included in this package, none of these observations 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 *Gerri Scott* Date..... *1.10.14* .
Gerri Scott, Strategic Director of Housing and Community Services

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Alvey Estate, Mardyke and Naylor Houses Warm, Dry and Safe works Gateway 1 'open' report	Major Works, Housing and Community services	Bola Oludipe 50148

APPENDICES

No	Title

AUDIT TRAIL

Lead Officer	David Markham, Head of Major Works
Report Author	Bola Oludipe, Contract Manager
Version	Final
Dated	23 September 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		

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Alvey Estate, Mardyke and Naylor Houses Warm, Dry & Safe works
Contract Description	Warm Dry and Safe refurbishments
Contract Type	GC/Works/1(1998) with quantities
Lead Contract Officer (name)	Cheryl Phillips
Lead Contract Officer (phone number)	020 7525 3848
Department	Housing & Community Services
Division	Major Works
Procurement Route	Competitively tendered
EU CPV Code (if appropriate)	n/a
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed priced
Supplier(s) Name(s)	Keepmoat Regeneration (Apollo) Ltd
Contract Total Value	£1,673,049
Contract Annual Value	Not applicable
Contract Start Date	30 October 2014
Initial Term End Date	9 July 2015
No. of Remaining Contract extensions	n/a
Contract Review Date	n/a
Revised End Date	n/a
Comments	n/a

