

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 13 October 2014	<b>Meeting Name:</b> Strategic Director Of Housing and Community Services
<b>Report title:</b>		Gateway 2 Doddington Grove Estate Warm, Dry and Safe works	
<b>Ward(s) or groups affected:</b>		Newington	
<b>From:</b>		Head of Major Works	

## RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of the Doddington Grove Estate Warm, Dry and Safe works contract to J Murphy & Sons Ltd.

## BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 20 March 2014. The approved competitive tendering procurement strategy was followed.
3. This is a Key Decision.
  - The contract is for a period of 40 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	October 2014
Approval of Gateway 1: Procurement Strategy Report	20 March 2014
Issue Notice of Intention	31 Jan 2014
Invitation to tender	01 May 2014
Closing date for return of tenders	29 May 2014
Completion of evaluation of tenders	27 June 2014
Issue Notice of Proposal	14 Aug 2014
DCRB Review Gateway 2	6 Oct 2014
Notification of forthcoming decision	14 Oct 2014
Approval of Gateway 2: Contract Award Report	17 Oct 2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	27 Oct 2014
Contract award	30 Oct 2014
Add to Contract Register	30 Oct 2014
Contract start	27 Nov 2014
TUPE Consultation period	N/A
Contract completion date	5 Aug 2015
Contract completion date – if extension(s) exercised	N/A

### KEY ISSUES FOR CONSIDERATION

#### Description of procurement outcomes

7. The works will affect: 1-25 Jephson House, 1-25 Keane House, 128-158 Edmund House, 1-40 Arnold House, 159-183 Faunce House, 184-201 Garbett House, 202-219 Harvard House, 220-276 Irving House, 40-65 Burns House, 66-95 Colet House and 96-127 Dickens House.
8. The proposed works following full surveys comprise of:
  - 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 and leasehold properties
9. 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**

10. This report deals with a key decision.

#### **Policy implications**

11. This proposed contract for refurbishment of properties on Doddington Grove Estate maintains the council's obligations to make all properties warm, dry and safe by 2016 as set out by cabinet.
12. 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**

13. As outlined in the Gateway 1 report approved on 20 March 2014, Contract Standing Orders requires a minimum of five contractors to be invited to tender from the council's works Approved List. Tenders were issued to five contractors on 1 May 2014 (contractors collected the tenders from 160 Tooley Street) with instructions to return a completed tender by 12 noon on 29 May 2014 - all from the general works category of the council's works Approved List
14. No nominations were made by leaseholders.

#### **Tender evaluation**

15. Five tenders were returned to 160 Tooley Street on or by 12 Noon on 29 May 2014 and were opened on 30 May 2014.
16. 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.
17. 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.
18. 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.

19. Tender prices submitted are as follows:

Ref	Contractor
1	J Murphy & Sons Ltd
2	Mitie Property Services (UK) Ltd (Mitie)
3	Bryen & Langley Ltd (B&L)
4	Borras Construction Ltd (Borras)
5	Masher Brothers Ltd (Masher)

20. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.
21. All Tenderers were requested to provide a price for each schedule of works item, which was scored separately from the tender sum.
22. The results of the revisions as described above are as follows:

Ref	Contractor
1	J Murphy & Sons Ltd
2	Mitie Property Services (UK) Ltd
3	Borras Construction Ltd
4	Masher Brothers Ltd
5	Bryen & Langley Ltd

23. The summary results of the quality evaluation is shown in the table below:

Evaluation Criterion	J Murphy (Score)	Mitie (Score)	Borras (Score)	Masher (Score)
Method Statement 1: Mobilisation	7	7	7	4
Method Statement 2: Health & safety	8	8	8	5
Method Statement 3: Risk management	7	7	6	5

<b>Method Statement 4: Resident &amp; leasehold Engagement</b>	8	9	8	5
<b>Method statement 5: Quality Control</b>	7	8	7	6
<b>Method Statement 6: Programme Statement</b>	2	7	7	5
<b>Total Quality Score</b>	<b>39.00</b>	<b>46.00</b>	<b>43.00</b>	<b>30.00</b>
<b>Weighting</b>	19.50	23.00	21.50	15.00

24. In terms of assessing the quality of the method statement proposals, J Murphy & Sons Ltd's submission met all the requirements with a good evidence base. Although they did score a 2 for one of the criteria, as only a programme was provided in response to Method Statement 6, they did identify the potential risks associated with programme in Method Statement 3. A process will be put in place to monitor this throughout the contract as an item at the progress meetings. Also, paragraph 31 identifies the management arrangements in place to ensure that a high standard is maintained.
25. The summary results of the evaluation are shown in the schedule below:

<b>Summary Cost and Quality Evaluation</b>						
<b>Rank</b>	<b>Organisation</b>	<b>Price Score - base tender sum</b>	<b>Price Score - schedule of rates</b>	<b>Total Price Score (out of 70)</b>	<b>Quality Score (out of 30)</b>	<b>Total Score (out of 100)</b>
1	J Murphy & Sons Ltd	60.00	9.96	69.96	19.50	89.46
2	Mitie Property Services (UK) Ltd	55.11	10.00	65.11	23.00	88.11
3	Borras Construction Ltd	34.14	8.46	42.60	21.50	64.10
4	Masher Brothers Ltd	22.13	9.82	31.95	15.00	46.95

26. Five contractors were invited to tender for the works and all returned tenders, one of which was deemed non compliant. The council considers, after taking advice from PRP, that the market was adequately tested. The cost/quality evaluation concludes that J Murphy & Sons Ltd offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by J Murphy & Sons Ltd.
27. The date for acceptance of the above tenders will expire on 30 November 2014.
28. 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**

29. Not applicable.

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

- 30. The contract will be managed on a day to day basis by PRP who will provide full consultancy services for the Doddington Grove Estate WDS project.
- 31. 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 J Murphy & Sons Ltd and arrange regular meetings with the residents' project team at which contractor performance will be discussed.
- 32. 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**

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

<b>Risk</b>	<b>Impact</b>	<b>Probability</b>	<b>Mitigation</b>
Poor performance or poor quality workmanship.	Medium	Low	<p>Regular meetings to review performance scheduled from the outset.</p> <p>Establish processes of quality control and works inspections before sign off.</p> <p>The contract provides for a 12 month defects liability period for all work undertaken.</p>
Company goes into liquidation, administration or ceases trading.	High	Low	<p>A performance bond will be obtained and the council will re-tender the works if necessary.</p> <p>J Murphy &amp; Sons Ltd has confirmed that they are part of a larger group and a parent company guarantee will also be obtained.</p> <p>Paragraph 51 confirms that J Murphy &amp; Sons Ltd are considered at very low risk of going bankrupt within the next 12 months.</p>

**Other considerations**

34. 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**

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

#### **Leasehold Implications**

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

#### **Decent Homes**

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

#### **Community impact statement**

38. The proposed works are for the refurbishment of council housing and as such will affect council tenants and leaseholders on the Doddington Grove Estate. 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.
39. 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.
40. The proposed works, which are for refurbishment of council housing, will not adversely affect any one particular group.

#### **Economic considerations**

41. The full cost of the contract (including fees and the like) is £4,069,389. The contract period is 40 working weeks.
42. J Murphy & Sons Ltd are a large size building company based in North London and will be encouraged to utilise local labour markets to deliver the works.

#### **Social considerations**

43. 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 20 March 2014 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. J Murphy & Sons 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**

44. The proposed works includes the replacement of the roof coverings on some of the blocks; these will increase the thermal performance of the buildings and reduce the demand for heating within the top floor dwellings, thus reducing energy consumption.

#### **Market considerations**

45. 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**

46. There are no specific implications.

#### **Financial implications**

47. The works are part of the Housing Investment Capital programme. The cost of these works is to be funded from the following budget allocation.
- a) The original WDS 2014 major works scheme allocation for this scheme and from WDS 2015.
  - b) Capital cost code for the Installation of smoke detectors tenanted properties
  - c) Capital cost code for the Installation of smoke detectors leasehold properties
48. An additional capital bid will be made for future schemes where the budgets have been allocated.
49. All the above budgets, with the exception of "c" are formally approved and loaded on the council's financial information system (SAP). The Housing Investment Board (HIB) provisionally agreed resources up to £9.6m for the installation of LD2 smoke alarms in leasehold properties, subject to a revised report being submitted to the HIB at the next meeting. Once agreed, this will be included in the next capital monitor report to cabinet for formal approval.
50. As part of the capital refresh and budget profiling exercise, budgets will be transferred between projects and re-profiled between the years to reflect the above expenditure for "Doddington Grove Estate WDS" works.

#### **Second stage appraisal**

51. An Experian credit check was obtained on 26 September 2014, J Murphy & Sons 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**

52. 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**

53. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
54. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
55. 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 76.
56. 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.
57. J Murphy & Sons Ltd will issue regular newsletters to the blocks throughout the contract period.

## **Other implications or issues**

58. Not applicable.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

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

### **Director of Legal Services**

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

### **Strategic Director of Finance and Corporate Services**

61. The report is requesting delegated approval from the Strategic Director of Housing and Community Services to award the works contract entitled "Doddington Grove Estate Warm, Dry and Safe works" to J Murphy & Sons Ltd .
62. The financial implications section provides details on how the costs are to be funded.
63. It is also noted that budgets will be transferred and re-profiled against the project as required for monitoring and reporting the contract costs against approved budgets.

64. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

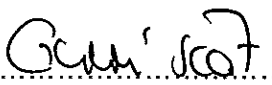
**Head of Specialist Housing Services (For Housing contracts only)**

65. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
66. There are 90 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 31 January 2014 and the observation period expired on 3 March 2014. There was one observation received from a leaseholder at this stage.
67. Section 20 notices of proposal were served on 15 August 2014 and expired on 24 September 2014. There were 8 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, Strategic Director of Housing and Community Services

Date 22.10.14

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Doddington Grove Estate 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	13 October 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		22 October 2014

**BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2**

Contract Name	Doddington Grove Estate 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)	J Murphy & Sons Ltd
Contract Total Value	£3,632,357.09
Contract Annual Value	Not applicable
Contract Start Date	27 November 2014
Initial Term End Date	6 August 2015
No. of Remaining Contract extensions	n/a
Contract Review Date	n/a
Revised End Date	n/a
Comments	n/a