

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 20 October 2014	<b>Meeting Name:</b> Strategic director of housing and community services
<b>Report title:</b>		Gateway 1 & 2 Dickens Estate Warm, Dry and Safe works	
<b>Ward(s) or groups affected:</b>		Riverside	
<b>From:</b>		Head of Major Works	

## RECOMMENDATIONS

1. That the strategic director of housing and community services formalises her prior approval of the procurement strategy outlined in this report for the Dickens Estate Warm, Dry and Safe works contract.
2. That the strategic director of housing and community services approves the award of the Dickens Estate Warm, Dry and Safe works contract to Standage & Co. Ltd in the sum of £2,631,488.20 for a period of 42 weeks.

## BACKGROUND INFORMATION

3. This is a Key decision
  - The tendered cost of the contract is £2,631,488.20 for a period of 42 weeks.
  - There is no specific extension built into the contract.
  - The contract price is not index linked.
4. It was intended that all major refurbishment works in Bermondsey and Rotherhithe be allocated to the council's Major Works partnering contract for Lot 2 (Bermondsey & Rotherhithe) with Wates Construction Ltd (WCL) during the anticipated initial 5 year duration of the contract running to 2015.
5. Unfortunately, the Major Works partnering contract for Lot 2 with WCL was ended by mutual agreement on 18 June 2012. The necessary approval, which detailed the reasons for this action, was approved on 11 May 2012. This included details of the proposals for delivery of outstanding and future works including the proposal to tender the Dickens Estate Warm, Dry and Safe works.
6. PRP were appointed in 2010 to provide quantity surveying services via the Quantity Surveying framework for the Area 2 programme following the sudden illness and subsequent ill health retirement of the in-house quantity surveyor. In 2012, Blakeney Leigh Ltd (Blakeney Leigh) was appointed to provide professional consultancy services to the council for major works on the Dickens Estate ('the Estate') following a competitive tender exercise.
7. The works described in this report were originally part of a larger scheme which was approved through a GW1 report on 27 September 2012. However, following extensive lobbying from residents in Wrayburn House and the surrounding blocks (Havisham and Micawber Houses) a site visit was arranged with key stakeholders and the strategic director of housing and community services to assess the works necessary to the blocks, listen to residents concerns and to agree a mutually acceptable way forward.

8. This meeting resulted in the strategic director of housing and community services agreeing to defer the works to these blocks in order that further consultation could be undertaken by the major works team with affected residents. This decision was set out in a GW2 report approved on 13 December 2013 confirming that these works would be subject to a separate procurement exercise.
9. During the extended consultation period the Cabinet Member for Housing confirmed plans for door entry installation at Micawber, Tupman, Bardell and Wade Houses on the Estate. In order to provide residents with minimal disruption and to ensure one point of contact for the major works on the Estate, it was agreed these works were to be undertaken as part of this warm, dry and safe (WDS) project.

#### **Summary of the business case/justification for the procurement**

10. Council policy is to bring all housing property up to the WDS standard by 31 March 2016.
11. The blocks contained within this project fail the WDS standard, as such doing nothing is not an option.

#### **Policy implications**

12. This scheme is designed to bring the council's properties up to the WDS standard and additionally to provide additional security by way of door entry systems to Bardell, Wade, Micawber and Tupman Houses and forms part of the housing and community services' major works investment in the housing stock.
13. Planning permission is required for the window renewal and insulation works and the door entry at Tupman and Micawber has been granted by way of an application for each block with separate applications for door entry (5 in total) which were granted between June and December 2013. Building Control will only be required for specific elements and as such will be arranged by way of a Building Notice.

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

14. See table below:

<b>Activity</b>	<b>Completed by/Complete by:</b>
Forward Plan for Gateway 1/2 decision	October 2014
DCRB Review Gateway 1/2:	20 Oct 2014
Notification of forthcoming decision	29 Oct 2014
Approval of Gateway 1/2: Contract Award Report	31 Oct 2014
Scrutiny Call-in period and notification of implementation of Gateway 1/2 decision	10 Nov 2014
Alcatel Standstill Period	N/A
Contract award	12 Nov 2014

Activity	Completed by/Complete by:
Add to Contract Register	17 Nov 2014
Contract start	14 Nov 2014
TUPE Consultation period	N/A
Publication of award notice in Official Journal of European (OJEU)	N/A
Contract completion date	26 May 2015
Contract completion date – if extension(s) exercised	N/A

### TUPE/Pensions implications

15. TUPE should not apply to the appointment of a contractor to deliver refurbishment works on this estate. This is a new contract for a discrete part of what was previously delivered under the WCL contract and there does currently no exist contractor nor are there any council staff delivering the work which is the being tendered. TUPE should not apply on the expiry of the contract as the works will have been completed. TUPE implications would need to be reviewed should there be a change of contractor during the project term.

### Key /Non Key decisions

16. This report deals with a key decision.

### KEY ISSUES FOR CONSIDERATION

#### Description of procurement outcomes

17. The works will affect:

- Bardell House
- Wade House
- Wrayburn House
- Havisham House
- Micawber House
- Tupman House

18. The proposed works following full surveys comprise of:

#### All blocks:

- Surveying, testing and reporting of elements of the building.
- Repairs to structure and fabric of the building.
- Repairs and renewals to asphalt pavings.
- Repairs/upgrades and renewal of existing flat entrance doors.
- Repair to private and communal balcony balustrade
- Fire safety works to all blocks.
- Sundry minor repairs.

#### Works to specific blocks:

- New flat roof coverings to Micawber and Havisham Houses
  - Landlords electrical renewal works to Wrayburn, Micawber and Havisham Houses
  - New window installation to Wrayburn, Micawber and Havisham Houses
  - Installation of door entry systems to Bardell, Wade, Tupman and Micawber Houses
  - Full external redecoration to Wrayburn House
  - External insulation works to Wrayburn and Micawber Houses.
19. This scheme is a capital scheme which was drawn up by Blakeney Leigh 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 WDS standard
20. The door entry installation to Bardell, Wade, Tupman and Micawber Houses is to be funded from the door entry budget as this work falls outside of WDS.
21. The external decoration to Wrayburn House is to be funded from the revenue external decorations budget as these works fall outside of WDS.

#### **Tender process**

22. Contract Standing Orders requires a minimum of five contractors to be invited to tender from the council's Approved List. Tenders were issued to five contractors on 22 August 2013 with instructions to return a completed tender by 12 noon on 13 May 2014 – four from the general works category of the council's works Approved List and one nomination was made by leaseholders - Lawtech Ltd.

#### **Tender evaluation**

23. Four (4) tenders were returned to 160 Tooley Street on or by 12 Noon on 13 May 2014 and were opened on the same day.
24. 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.
25. The tender pricing evaluation process was undertaken by PRP's Quantity Surveyor (QS) who will provide full quantity surveying services for this scheme. The quality evaluation process was assessed individually by one of Blakeney Leigh's partners, and two officers from the major works team.
26. Completion of the windows and insulation works to Wrayburn House on or by 31 March 2015 will initiate a grant fund payment significantly reducing council contributions to this scheme and therefore reducing leaseholder costs. The current time frame for award and commencement of the contract will facilitate this requirement.
27. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.
28. The tender submitted by Standage & Co. Ltd was checked for qualifications and arithmetical errors. Three minor arithmetical errors were found – a difference of £42,221 more than the tender figure submitted. Standage & Co. Ltd agreed to the amended tender figure £2,631,488.20 by email dated 11 June 2013.

29. No arithmetical errors or qualifications were found in the remaining tenders.
30. Five contractors were invited to tender for the works with one contractor 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 Standage & Co. Ltd offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Standage & Co. Ltd in the sum of £ 2,631,488.20.
31. The date for acceptance of the above tenders will expire on 13 November 2014.

**Plans for the transition from the old to the new contract**

32. Not applicable.

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

33. The contract will be managed on a day to day basis by Blakeney Leigh. The finances will be managed by PRP.
34. In addition to PRP and Blakeney Leigh, there will be a contract manager, a customer relationship officer and a project manager from the major works team allocated to this scheme. These council officers will monitor PRP, Blakeney Leigh and Standage & Co. Ltd's performance and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

**Identified risks for the new contract**

35. 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	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.  Standage & Co. Ltd has confirmed that they are part of a larger group and a parent company guarantee will also be obtained.  Paragraph 66 confirms that

			Standage & Co. Ltd are considered low risk of going bankrupt within the next 12 months.
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**Other considerations (for Housing Department works contracts only)**

36. 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**

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

**Leasehold Implications**

38. Formal legal consultation with leaseholders has been undertaken by Specialist Housing Services.
39. Further implications are contained in paragraphs 81-83 below.

**Decent Homes**

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

**Community impact statement**

41. The proposed works are for the refurbishment of council housing and as such will affect council tenants and leaseholders on the Dickens 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.
42. 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.
43. The proposed works, which are for refurbishment of council housing, will not adversely affect any one particular group.

**Economic considerations**

44. The full cost of the contract (including fees and the like) is £3,146,669.84. The contract period is 42 working weeks.
45. Standage & Co. Ltd are a small and medium size building company based within the borough and will be encouraged to utilise local labour markets to deliver the works.
46. Standage & Co. Ltd will be using local companies in their sub-contracting and supply chain arrangements.

### **Social considerations**

47. 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. Standage & Co. 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**

48. The proposed works includes roof insulation (Havisham and Micawber Houses), solid wall insulation (Wrayburn and Micawber Houses) and new double glazed windows (Wrayburn, Micawber and Havisham Houses).
49. The above measures will all result in reductions to the CO2 emissions from the blocks moving forwards as well as reducing fuel consumption for residents.

### **Market considerations**

50. PRP and Blakeney Leigh believe that the market has been adequately tested based on the tenders received from the contractors taken from the council's works Approved List. The consultants' recommendations were considered and agreed by the area project manager within the major works team.

### **Staffing implications**

51. There are no specific implications.

### **Financial implications**

52. These works are part of the Housing Investment Capital programme and the main costs of these works will be coded to capital cost code for £3,023,258 that will be set up. The external decorations costs of £7,665 will be met from the revenue budget for £2,000,000 for external decoration in 2013/14 and 2014/15. The £115,747 will also met from the revenue provision for door entry installations.
53. The funding for the capital budget will temporarily be met from the WDS Abbeyfield (Maydew) budget on H-1711-9200 that will not start until 2015/16 until a further capital bid is made later in 2014 to cover this scheme and the completion of the WDS programme.
54. Budgets will be transferred from H-1711-9200 for accurate monitoring and reporting.

## Investment implications

55. The works are part of the Housing Investment Capital programme. Main works and fees costs will be coded to capital cost code.
56. Expenditure for this scheme will be met from the Warm, Dry and Safe allocation, the external decorations budget and the hidden homes are funded by regeneration. The anticipated profile of expenditure is set out below:

Element	2014/15	2015/16	2016/17	Total
Works WDS	1,508,076	900,000	100,000.20	2,508,076.20
Door Entry	100,000	12,854	2,893	115,747.00
Ex. Decs	0	7,000	665	7,665.00
Fees	165,340.22	150,000	50,000	365,340.22
Risk Pot (5%)	0	149,841.42	0	149,841.42
Total	1,773,416.22	1,219,695.42	153,558.20	3,146,669.84

## Second stage appraisal (for construction contracts over £250,000 only)

57. A second stage appraisal has been obtained, dated 02 October 2014, in relation to Standage & Co Ltd, the report indicates they are creditworthy and there is a low risk of the company becoming bankrupt in the next 12 months.

## Legal implications

58. In line with the requirements of Contract Standing Orders, the report confirms that tenders were invited from contractors on 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

59. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
60. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
61. 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.
62. 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.



63. Standage & Co. Ltd will issue regular newsletters to the blocks throughout the contract period.

#### **Other implications or issues**

64. Not applicable.

#### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

##### **Head of Procurement**

65. As the value of this contract is below the EU threshold for works, a formal procurement concurrent is not required.

##### **Director of Legal Services**

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

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

67. This report is requesting delegated approval from the Strategic Director of Housing and Community Services to approve the procurement strategy and award the Dickens Estate WDS works contract to Standage & Co. Ltd for the sum of £2,631,488 as detailed in the report.
68. The report identifies the total cost of the works including fees and contingency to be £3,146,670. The financial implications detail the funding arrangements for these costs.
69. 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.
70. 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)**

71. These are works of repair and are therefore chargeable to Leaseholders under the terms of their Leases.
72. There are 97 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 the 19th December 2013 and the observation period expired on the 27th January 2014. There were 4 observations received from leaseholders at this stage.
73. Section 20 notices of proposal were served on the 21st August 2014 and expired on the 2nd October 2014. There were 9 observations received from leaseholders included in this package, none of these observations would lead to a delay in proceeding with these works. Leaseholder estimated charges are between £941.52 and £31,398.02 per leaseholder.

**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 5.11.14  
 Gerri Scott, Strategic Director of Housing and Community Services

**BACKGROUND DOCUMENTS**

Background documents	Held At	Contact
Dickens Estate Warm, Dry Safe phase 2 contract files	Major Works, Housing and Community services	Kevin Orford 53320

**APPENDICES**

No	Title
n/a	

**AUDIT TRAIL**

Lead Officer	David Markham – Head of Major Works
Report Author	Winston McLeod – Contract Manager Area 2
Version	Final - Open
Dated	20 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		5 November 2014

**BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 1/2**

Contract Name	Dickens Estate Warm, Dry & Safe works
Contract Description	Warm Dry and Safe refurbishments
Contract Type	GC/Works/1(1998) with quantities
Lead Contract Officer (name)	Kevin Orford
Lead Contract Officer (phone number)	020 7525 3320
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)	Standage & Co. Limited
Contract Total Value	£2,631,488.20
Contract Annual Value	Not applicable
Contract Start Date	24 November 2014
Initial Term End Date	28 August 2015
No. of Remaining Contract extensions	n/a
Contract Review Date	n/a
Revised End Date	n/a
Comments	n/a

