

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 27 January 2015	<b>Meeting Name:</b> Strategic Director of Housing and Community Services
<b>Report title:</b>		Gateway 2 Rockingham Estate (West) Warm, Dry and Safe works	
<b>Ward(s) or groups affected:</b>		Chaucer Wards	
<b>From:</b>		Head of Major Works	

## RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of Rockingham Estate (West) Warm, Dry and Safe works contract to Mulalley & Co. Limited 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 7 April 2014. 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, 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	Jan 2015
Approval of Gateway 1: Procurement Strategy Report	7 April 2014
Issue Notice of Intention	15 May 2014
Invitation to tender	23 June 2014
Closing date for return of tenders	31 July 2014
Completion of evaluation of tenders	13 Aug 2014
Issue Notice of Proposal	21 Nov 2014
DCRB Review Gateway 2	12 Jan 2015
Notification of forthcoming decision	3 Feb 2015
Approval of Gateway 2: Contract Award Report	6 Feb 2015
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	16 Feb 2015
Contract award	23 Feb 2015
Add to Contract Register	23 Feb 2015
Contract start	15 Mar 2015
TUPE Consultation period	N/A
Contract completion date	11 Oct 2015
Contract completion date – if extension(s) exercised	N/A

### KEY ISSUES FOR CONSIDERATION

#### Description of procurement outcomes

7. The blocks included for this project are: 1-15 Arrol House, 16-38 Arrol House, 39-57 Arrol House, 58-80 Arrol House, 1-30 Banks House, 1-28 Bath House, 1-24 Newall House, 1-25 Rankine House, 1-25 Rennie House, 1-25 Rumford House, 1-25 Stephenson House, 26-53 Stephenson House, 54-78 Stephenson House, 1-23 Telford House and 24-42 Telford House.
8. The proposed works following full surveys comprise of:
  - a. Replace rainwater systems where identified
  - b. Carry out structural works to balcony walls and floors where required
  - c. Carry out repairs to brickwork
  - d. Renew bathroom elements within council tenanted dwellings
  - e. Carry out PIR tests to dwellings
  - f. Rewire council tenanted flats as required
  - g. Address any potential high risks identified under housing health and safety rating system (HHSRS)

- h. Undertake asbestos removal to disturbed areas within dwellings and undertake asbestos removal to disturbed communal areas
  - i. 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 Rockingham Estate (West) 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 7 April 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 23 June 2014 (contractors collected the tenders from 160 Tooley Street) with instructions to return a completed tender by 12 noon on 31 July 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 31 July 2014 and were opened on 1 August 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 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 21.
19. Tenders were submitted are as follows:

Ref	Contractor
1	Mulalley & Co. Limited (Mulalley)
2	RR Richardson Limited (Richardson)
3	Thomas Sinden Ltd (T Sinden)
4	CLC Constructions Ltd (CLC)
5	Shaylor Group Plc (Shaylor)

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

Evaluation Criterion	Mulalley (Score)	T Sinden (Score)	CLC (Score)	Shaylor (Score)
Method Statement 1: Mobilisation	7	7	5	8
Method Statement 2: Health & safety	9	6	6	7
Method Statement 3: Risk management	6	5	5	6
Method Statement 4: Resident & leasehold Engagement	9	5	7	5
Method statement 5: Quality Control	7	4	7	6
Method Statement 6: Programme Statement	7	2	4	5
<b>Total Quality Score</b>	<b>45.00</b>	<b>29.00</b>	<b>34.00</b>	<b>37.00</b>
<b>Weighting</b>	<b>22.50</b>	<b>14.50</b>	<b>17.00</b>	<b>18.50</b>

22. In terms of assessing the quality of the method statement proposals, Mulalley's submission met all the requirements with a excellent/good evidence base. Method statement 3 which assessed risk managements was satisfactory. As mentioned in paragraphs 29 to 30 there will be management arrangements in place to ensure the risks are identified and managed effectively and high standards are maintained.
23. The summary results of the evaluation are shown in the schedule below:

Summary Cost and Quality Evaluation						
Rank	Organisation	Price Score - base tender sum	Price Score - schedule of rates	Total Price Score (out of 70)	Quality Score (out of 30)	Total Score (out of 100)
1	Mulalley	60.00	10.00	70.00	22.50	92.50
2	T Sinden	49.25	7.11	56.37	14.50	70.87
3	CLC	44.41	8.58	52.99	17.00	69.99
4	Shaylor	33.23	7.25	40.47	18.50	58.97

24. Five contractors were invited to tender for the works and five returned tenders. However one contractor withdrew from tendering due to its company going into administration. The council considers, after taking advice from PRP, that the market was adequately tested. The cost/quality evaluation concludes that Mulalley & Co. Limited offer the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Mulalley & Co. Limited.
25. The date for acceptance of the above tenders will expire on 24 April 2015.
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 Rockingham Estate (West) WDS works.
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 project. These council officers will monitor PRP and the performance of Mulalley 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	Medium	Low	Regular meetings to review performance scheduled from the

workmanship.			<p>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>Mulalley has confirmed that they are part of a larger group and a parent company guarantee will also be obtained.</p> <p>Paragraph 46 confirms that Mulalley is considered at very low risk of going bankrupt within the next 12 months.</p>

#### Other considerations

32. 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

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 Rockingham Estate (West). 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. Mulalley is a large company based in South London and will be encouraged to utilise local labour markets to deliver the works.

#### **Social considerations**

40. 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 7 April 2014 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. Mulalley 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 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**

42. 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**

43. There are no specific implications.

#### **Financial implications**

44. The works are part of the Housing Investment Capital programme and form part of the Warm, Dry and Safe works.
45. 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 "Rockingham Estate ( West) WDS" works

#### **Second stage appraisal**

46. An Experian credit check was obtained on 26 September 2014, Mulalley 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, this report confirms that contractors were invited to tender 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 paragraphs 76 and 77.
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. Mulalley 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 EU threshold for works, a formal procurement concurrent is not 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 (CAP 14/131)**

56. The report is requesting delegated approval from the Strategic Director of Housing and Community Services to award the "Rockingham Estate (West) WDS works" contract to Mulalley & Co. Limited, following a tender evaluation process as described in the report.
57. 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.
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 79 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 15 May 2014 and the observation period expired on 23 June 2014. There was one observation received from a leaseholder at this stage.
- 61. Section 20 notices of proposal were served on 21 November 2014 and expired on 22 December 2014. There were 3 observations received from leaseholders included in this package, none of these would lead to a delay in proceeding with these works.
- 62. Enhanced LD2 smoke and heat detection systems are being installed to all properties.

**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..... *18.2.15*.....  
**Gerri Scott, Strategic Director of Housing and Community Services**

**BACKGROUND DOCUMENTS**

Background documents	Held At	Contact
Gateway 1 – Rockingham Estate (West) - 'open' report	Major Works, Housing and Community services	Jo Taylor 53614

**APPENDICES**

No	Title

**AUDIT TRAIL**

<b>Lead Officer</b>	David Markham, Head of Major Works	
<b>Report Author</b>	Jo Taylor, Contract Manager	
<b>Version</b>	Final	
<b>Dated</b>	27 January 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>

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
<b>Cabinet</b>	N/a	N/a
<b>Date final report sent to Constitutional Team</b>		18 February 2015