

Item No.	Classification: Open	Date: 27 January 2015	Meeting Name: Strategic Director of Housing and Community Services
Report title:	Gateway 2 Tabard Gardens Estate (North Area) Warm, Dry and Safe works		
Ward(s) or groups affected:	Chaucer Ward		
From:	Head of Major Works		

RECOMMENDATIONS

1. That the strategic director of housing and community services approve the award of Tabard Gardens Estate (North Area) Warm, Dry and Safe works contract to Keepmoat Regeneration (London) Ltd for a period of 50 weeks.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 9 July 2014. The approved competitive tendering procurement strategy was followed.
3. **This is a Key Decision.**
 - The contract is for a period of 50 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 technical 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 up to tender and award stage. Formal hand over to the council's Lead Designer (LD), CDM-C and QS was to take place from award and construction phase to end of defects period. However the LD function will be retained by PRP due to the council's LD leaving its employ.
5. The QS function will be provided post tender from award stage by the council's investment delivery team.
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 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)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	February 2015
Approval of Gateway 1: Procurement Strategy Report	9 July 2014

Activity	Completed by/Complete by:
Issue Notice of Intention	14 May 2014
Invitation to tender	21 July 2014
Closing date for return of tenders	26 Aug 2014
Completion of evaluation of tenders	29 Sep 2014
Issue Notice of Proposal	1 Dec 2014
DCRB Review Gateway 2	12 Jan 2015
Notification of forthcoming decision	28 Jan 2015
Approval of Gateway 2: Contract Award Report	3 Feb 2015
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	10 Feb 2015
Contract award	17 Feb 2015
Add to Contract Register	17 Feb 2015
Contract start	16 Mar 2015
TUPE Consultation period	N/A
Contract completion date	4 Mar 2016
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

7. The works will affect: 1-24 Abinger House, 1-70 Balin House, 1-25 Betsham House, 1-40 Brenley House, 1-25 Eynsford House, 1-16 Kellow House, 1-60 Northfleet House, 20 A-C Pilgrimage Street, 1-47 Selbourne House and 1-47 Shere House.
8. The proposed works following full surveys comprise of:
 - Renew/repair flat roofs to blocks as required
 - Repair chimneys, soffits and parapets as required
 - Replace/repair rainwater systems and soil pipes where required
 - Carry out structural works to balcony walls and floors where required
 - Carry out repairs to brickwork and concrete
 - Refurbish bin stores in blocks
 - Communal staircase window repair/replacement
 - Renew bathroom elements within council tenanted dwellings
 - Install extractor fans to council tenanted dwellings
 - Upgrade landlord's electrics where required
 - Carry out PIR tests to dwellings where required
 - Rewire council tenanted flats as required
 - Installation of LD2 smoke detector systems

- 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. 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 Tabard Gardens Estate (North Area) 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 required for this scheme.

Tender process

13. As outlined in the Gateway 1 report approved on 9 July 2014, Contract Standing Orders requires a minimum of five contractors to be invited to tender from the council's works Approved List. It was stated in the Gateway 1 report that a unique tender list would be used for this project but this did not prove viable on this occasion as there was insufficient numbers of contractors that could tender for this project. Tenders were issued to six contractors on 21 July 2014 (contractors collected the tenders from 160 Tooley Street) with instructions to return a completed tender by 12 noon on 18 August 2014 - all from the general works category of the council's works Approved List.
14. As a number of tenderers advised, for various reasons, that they could not make the tender return date of 18 August 2014, the tender return date was revised to 12 noon on 26 August 2014.
15. No nominations were made by leaseholders.

Tender evaluation

16. Five tenders were returned to 160 Tooley Street on or by 12 Noon on 26 August 2014 and were opened on 29 August 2014. One contractor (TSG Building Services Plc) did not return a tender and no contact was made.
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 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 23.
20. Tenders submitted are as follows:

Ref	Contractor
1	Keepmoat Regeneration (London) Ltd (Keepmoat)
2	Mitie Property Services Ltd (Mitie)
3	Saltash Enterprises Ltd (Saltash)
4	Lawtech Ltd (Lawtech)
5	Glenman Corporation UK Ltd (Glenman)

21. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by PRP.
22. All tenderers were requested to provide a price for each schedule of works item, which was scored separately from the tender sum.
23. The summary result of the quality evaluation is shown in the table below:

Evaluation Criterion	Keepmoat (Score)	Mitie (Score)	Lawtech (Score)	Saltash (Score)	Glenman (Score)
Method Statement 1: Mobilisation	8	7	4	3	3
Method Statement 2: Health & safety	8	8	4	3	3
Method Statement 3: Risk management	8	7	4	4	4
Method Statement 4: Resident & leasehold Engagement	9	10	4	5	4
Method statement 5: Quality Control	8	8	5	3	3

Method Statement 6: Programme Statement	9	9	4	4	3
Total Quality Score	50.00	49.00	25.00	22.00	20.00
Weighting	25.00	24.50	12.50	11.00	10.00

24. In terms of assessing the quality of the method statement proposals, Keepmoat's submission was good/excellent meeting all requirements and providing full evidence. Paragraphs 30 to 32 identify 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:

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 (weighted out of 30)	Total Score (out of 100)
1	Keepmoat	60.00	4.37	64.37	25.00	89.37
2	Mitie	54.85	8.39	63.24	24.50	87.74
3	Lawtech	50.12	9.20	59.32	12.50	71.82
4	Saltash	48.92	4.60	53.52	11.00	64.52
5	Glenman	48.12	10.00	58.12	10.00	68.12

26. Six contractors were invited to tender for the works and five contractors returned tenders. The council considers, after taking advice from PRP, that the market was adequately tested. The cost/quality evaluation concludes that Keepmoat Regeneration (London) Ltd offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Keepmoat Regeneration (London) Ltd.
27. The date for acceptance of the above tenders will expire on 26 May 2015.
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 consultancy services for the Tabard Gardens Estate (North Area) WDS project with QS services being provided from the council's investment delivery team.
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 Keepmoat Regeneration (London) Ltd and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

32. The council's QS will provide full quantity surveying services for the contract and all costs will be monitored by the QS and 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:

Risk	Impact	Probability	Mitigation
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>Keepmoat Regeneration (London) Ltd has confirmed they are part of a larger group and a parent company guarantee will also be required.</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>Paragraph 49 confirms that Keepmoat Regeneration (London) Ltd is considered at 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 Tabard Gardens Estate (North Area). 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 £2,756,239.43. The contract period is 50 weeks.
42. Keepmoat Regeneration (London) Ltd are a large size building company based in Waltham Abbey, Essex 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 9 July 2014 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. Keepmoat Regeneration (London) 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 and form part of the Warm, Dry and Safe works.
48. As part of the third quarter capital refresh and budget profiling exercise, budgets will be transferred between project and re-profiled between the years to reflect the above expenditure for "Tabard Gardens Estate (North Area) Warm, Dry and Safe works".

Second stage appraisal

49. An Experian credit check was obtained on 18 November 2014, Keepmoat Regeneration (London) 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

50. 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

51. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works.
52. Formal legal consultation with leaseholders affected by these proposals has commenced and is undertaken by Specialist Housing Services.
53. 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 78.
54. 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.
55. Keepmoat Regeneration (London) Ltd will issue regular newsletters to the blocks throughout the contract period.

Other implications or issues

56. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

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

Director of Legal Services

58. 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 14/137)

59. This report is requesting delegated approval from the Strategic Director of Housing and Community Services to award the "Tabard Gardens Estate (North Area) Warm, Dry and Safe works" contract to Keepmoat Regeneration (London) Ltd.

60. It is noted that budgets will be transferred and re-profiled against the project as required for monitoring and reporting the contract costs against approved budgets

Head of Specialist Housing Services (For Housing contracts only)

61. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.

62. There are 116 leaseholders and 5 RTB's 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 14 May 2014 and the observation period expired on 16 June 2014. There were no observations received from a leaseholder at this stage.

63. Section 20 notices of proposal were served on 1 December 2014 and expired on 9 January 2015. There were 5 observations received from leaseholders included in this package, none of these would lead to a delay in proceeding with these works.

64. 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..... *15.2.15* :
Gerri Scott, Strategic Director of Housing and Community Services

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Tabard Gardens Estate (North Area) Warm, Dry and Safe works Gateway 1 'open' report	Major Works, Housing and Community services	Joe Bannon 54812

APPENDICES

No	Title
n/a	

AUDIT TRAIL

Lead Officer	David Markham, Head of Major Works	
Report Author	Joe Bannon, Contract Manager	
Version	Final	
Dated	27 January 2015	
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		18 February 2015