

Item No.	Classification: Open	Date: 24 March 2015	Name of Decision maker to approve this report: Strategic Director of Environment and Leisure
Report title:		Gateway 2 – Contract Award Approval Contractor Services for the Brayards Road Improvement Zone Group Repair Scheme	
Ward(s) or groups affected:		Nunhead Ward	
From:		Head of Community Safety and Enforcement	

RECOMMENDATION(S)

1. That the strategic director of environment and leisure approves the award of the contractor services for the Brayards Road Improvement zone group repair scheme to PA Finlay & Co. Ltd.

BACKGROUND INFORMATION

2. The East Peckham and Nunhead Renewal Areas are statutory renewal areas and were declared in July 2005. In July 2011 they were extended for a further four years. There is a high proportion of poorly maintained private sector property within both renewal areas, with residents living in accommodation with serious health and safety hazards.
3. As the renewal area draws to a close in 2015, the final group repair project will be undertaken on Brayards Road. This housing regeneration project will be available to residents of all tenures, but will seek to improve the properties of vulnerable residents on a means-tested benefit, or a low income, and also council owned housing stock.

Procurement project plan (Key Decision)

4. Approval of this contract is a key decision.

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	November 2014
Approval of Gateway 1: Procurement Strategy Report	13/06/2014
Invitation to tender	20/11/2014
Closing date for return of tenders	05/01/2015
Revised closing date	30/01/2015
Completion of evaluation of tenders	02/02/2015
Forward Plan (If Strategic Procurement) Gateway 2	March 2015
DCRB Review Gateway 2:	12/03/2015

Activity	Completed by/Complete by:
Approval of Gateway 2: Contract Award Report	April 2015
Notification of implementation of Gateway 2 decision	April 2015
Contract award	April 2015
Add to Contract Register	April 2015
Contract start	April 2015
Contract completion date	October 2015
Contract completion date – if extension(s) exercised	November 2015

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

5. The Executive declared two new renewal areas based on the boundaries of the priority neighbourhoods of East Peckham and Nunhead in May 2005. It was agreed by cabinet in July 2011 that the two renewal areas were to be extended by a further four years, to 2015.
6. The Brayards Road Improvement Zone group repair scheme will be the final scheme to be carried out as part of the extended life and will focus on works to a maximum of 81 street properties of mixed tenures.
7. The planned works are external, concentrating on the removal of serious hazards through the renewal where necessary of roofs and windows as well as external redecoration, boundary and security improvements targeted at vulnerable residents and council owned stock. Funding received from the GLA will also provide residents with thermal efficiency improvements, such as solar thermal hot water panels.

Policy implications

8. Planning considerations will be taken into account and where relevant, permissions obtained and complied with. Where appropriate, relevant works will be referred to the council's Building Control Section; any measures applied will meet compliance and be certified under Building Regulations. Where building regulations approval is required the date of practical completion will be dependant on this.

Tender process

9. Six contractors from the council's approved list were invited to tender for the Brayards Road group repair scheme in accordance with contract standing orders and in compliance with the councils procurement policies. Four tenders were received, and two contractors declined to tender.

10. Contractor HA Marks Ltd declined to tender for this scheme due to the complexity of the building works involved. This company specialises in smaller levels of repair works and refurbishments.
11. Diamond Build PLC also declined to tender as they were unable to provide a tender bid due to a number of their technical staff being off sick during the Christmas period.
12. The contractors were asked to tender for the contract on the basis of GC/Works/1 with quantities (1998). A specification of works was drawn up by our consultants Hunter and partners. The specification was based on all external repair and refurbishment required for the Brayards Road improvement zone group repair scheme.
13. Contractors were asked to return their tender bids by Friday 9 January 2015. Following an initial evaluation of all submitted tenders, all tender prices came in over the budget set for this project. Due to this, a revised specification of works was issued and a new tender return date set for 30 January 2015. All four tenderers returned their bids.

Diamond build were not re-invited to tender as they had previously notified us of their inability to offer a tender bid by the first tender submission date.

Tender evaluation

14. The evaluation panel for the tenders consisted of the area renewal project officer, the consultant project manager and the private sector housing and empty homes manager.
15. Evaluations were carried out on the four tenders as above. Collins Contractors Ltd was not invited for an interview as they failed to meet the tender evaluation criteria for incomplete tender documentation, their method statements did not address the requirements as set out in the tender documentation, and as part of the evaluation criteria Collins scored less than two in most areas and were therefore disqualified. Following this, three tenderers were asked to attend interviews on 12 and 17 February 2015.
 - a) PA Finlay Ltd (12 February 2015)
 - b) MITIE (12 February 2015)
 - c) Saltash Enterprise Ltd (17 February 2015)

16. Tenders have been evaluated using a price/quality 60/40 ratio and the results were as follows:

Pricing:

- Four out of six tenders were returned.
- The four tenders were checked for arithmetical errors and were deemed correct at this stage.
- The lowest tender price was submitted by PA Finlay.
- The second lowest price was submitted by Saltash Enterprise Ltd followed by MITIE.
- The highest tender price was submitted by Collins Contractors Ltd.

Quality

- Four out of six tenders were returned
- The highest quality score was obtained by Saltash Enterprise Ltd followed by MITIE and PA Finlay who scored equally.
- The lowest quality score was obtained by Collins Contractors.

Plans for the transition from the old to the new contract

17. This contract is let for a specific purpose with no transitional arrangements that need to be applied. The contract is GC/Works/1 with quantities 1998.

Plans for monitoring and management of the contract

18. The project management contract has been awarded to external consultants Hunters and Partners Ltd, who will project manage the group repair scheme and report to the area renewal project officer on a day to day basis. A project board will be set up to steer and oversee any issues which may arise during the scheme. A monthly board meeting will also be set up to report on progress and provide authorisation for any financial changes where appropriate.

Identified risks for the new contract

19.

Risk	Likelihood	Outcome	Resolution
Contractor falls into receivership	Low	Delay, disruption and increased costs.	A performance bond has been set up and agreed to mitigate any losses.
Damage to properties	Low	Delay, disruption and increased costs.	Contractor indemnity insurances have been put in place to mitigate any losses.
Health and Safety <ul style="list-style-type: none">• working at heights• finding asbestos• working in and around occupied dwellings• hazardous equipment and material on site access and egress during day to day works	Low	All identified risks have the potential to cause injury to workers, residents and members of the community. Nevertheless they can be contained subject to good site and project management.	All health and safety issues have been included in the construction phase health and safety plan.

May necessitate use of hazardous chemicals	Medium	Issues can arise from lack of control over the processes leading to damage to persons and/or property	Consultants to ensure contractors adhere to method statement and comply with all health and safety regulations whilst working on-site.
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Other considerations (For Housing Department works contracts only)

20. N/A.

Community impact statement

21. The Brayards Road Improvement Zone will improve a maximum of 81 units (68 street properties) of mixed tenure. There are 19 units of council owned stock which include leasehold properties, with the remaining 62 units being made up of housing association, and privately owned properties.
22. Three residents have volunteered to become project representatives and help with the distribution of information and assist in the consultation of residents within their local community, especially the vulnerable and housebound.
23. The Public Sector Equality Duty introduced under the Equality Act 2010 requires public authorities to have "due regard" to the need to:

Eliminate unlawful discrimination, harassment and victimisation. Advance equality of opportunity between people who share a protected characteristic (e.g., a disability or impairment) and those who do not; and foster good relations between people who share a protected characteristic and those who do not.

Economic considerations

24. The contractor will be expected to offer added value to this project through direct benefits to residents and the local community. It is anticipated that the successful contractor will provide up to two construction apprenticeships where possible and a temporary vacancy for an assistant resident liaison officer on this scheme, which will be offered to a local resident. As these works are scheduled to repair and enhance the existing fabric of the housing we will endeavour to encourage local suppliers and businesses to also benefit from the scheme.

Social considerations

25. The council's sample contract clauses for the London Living Wage were used as part of the tender process for the consultants to pay staff at or above the London Living Wage. Due to the nature of the services provided the appointed contractor will pay their employees no less than the current London Living Wage level.
26. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:
 - (a) Eliminate discrimination, harassment, victimisation or other prohibited

- conduct;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.

27. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above. The aims and objectives of this proposed procurement are intended to provide benefits for all sections of the community and it is not anticipated that any individual or group will be disadvantaged.

Environmental considerations

28. As part of the council's commitment to reduce CO2 emission by 22.4 per cent by 2020, we will be providing solar hot water installations, loft insulation, UPVC double-glazing and draught-proofing to council stock and residents within the Brayards Road group repair scheme. The recommended contractor will also aim to source and use local businesses and materials where necessary in order to reduce emissions.

Market considerations

29. The successful contractor is PA Finlay Co Ltd a private company with the following:

- Between 45 - 55 employees
- A London company, based in Stratford, East London E15, which is 9 miles from the London Borough of Southwark.

Staffing implications

30. The project is being managed by an established project manager who will manage the consultants, and oversee the contractor. This post holder reports to the project board.
31. The consultant project managers, Hunters and Partner Ltd will be supervised by the established post holder.

Financial implications

32. The contract is for external works to residential properties designed to remove serious health and safety hazards through the renewal where necessary of roofs and windows as well as external redecoration, boundary and security improvements targeted at vulnerable residents and council owned stock. The estimated capital cost of the works is £1.73m.
33. The funding for the Brayards Improvement Zone Group Repair scheme is from the amalgamation of residual budgets from completed schemes for East Peckham and Nunhead Renewal areas contained within the Council's capital programme. The amalgamated budget is adequate for the works to proceed. Any staffing or other costs connected with this contract to be contained within existing departmental budgets.

34. The maintenance costs of the completed public realm works will fall under the remit of the Environment and Leisure department's planned maintenance works. The private householders will be responsible for any maintenance to their own properties after the one year defects liability period.

Investment implications

35. N/A housing contracts only.

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

36. N/A housing contracts only.

Legal implications

37. The report confirms that the proposed contract has been procured in line with all relevant EU and domestic legislation and with the requirements of the council's contract standing orders.

Consultation

38. Residents have undergone a series of consultation to date which involve evening meetings, resident updates and leaflet distribution to all residents and businesses within the Brayards Road improvement zone.
39. In addition, Hunter and partners resident liaison officer has undertaken individual property assessments for residents who may be eligible for full group repair works through a means-tested benefit, low income or unemployment status.
40. A wider consultation exercise is also being carried out by Public Realm and TFL where residents have been asked for their comments. Resident representatives have also attended a walkabout tour to identify areas of concern within their community.
41. Officers will also provide on-going consultation both corporately and with external agencies such as:
- Housing Associations
 - Public Realm
 - South Housing Office
 - Home Ownership Section concerning Southwark tenanted and leasehold properties
 - Cabinet member for Regeneration, Planning and Transport
 - Nunhead Ward members

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

42. This gateway 2 report seeks approval of the award contract for the Brayards Road improvement zone group repair scheme contract at an estimated cost of £1.73M.
43. The report identifies the local context to the service requirement and explains that the proposed contract will be the final repair project carried out on the road.

- 44. The procurement process followed that set out in the gateway 1 report although a revised specification was issued after the first round of tenders when all submissions exceeded the available budget.
- 45. The recommended provider's tender was considerably cheaper than that of the next lowest tenderer. Nevertheless the report author confirms that the evaluation panel were confident that the price, which is line with the pre-tender estimate, is sufficient.
- 46. The report identifies a number of key risks and mitigating actions to lessen the likelihood of their occurring or in reducing their impact should they occur.
- 47. The report notes that a project board will oversee the scheme and that independent consultants have been engaged to project manage it on a day to day basis.

Director of Legal Services

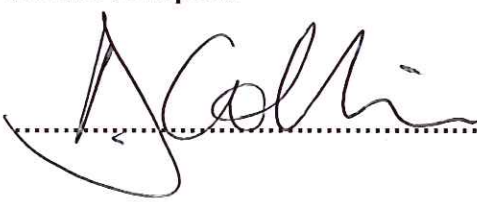
- 48. A formal legal concurrent is not required as the value of the contract is below the EU threshold.

Strategic Director of Finance and Corporate Services (CAP14/164)

- 49. This report is requesting the Strategic Director of Environment and Leisure to approve the procurement strategy and contract award outlined in this report for the contractor services for the Brayards Road Improvement zone group repair scheme to PA Finlay & Co. Ltd.
- 50. The report identifies the overall cost of the scheme is to be funded from the amalgamation of residual budgets from completed schemes for East Peckham and Nunhead Renewal areas contained within the Council's capital programme. Any staffing or other costs connected with this contract to be contained within existing departmental budgets.

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  Date 22/4/2015

Strategic Director of Environment & Leisure
 Designation

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Title of document(s)	Title of department / unit address	Name Phone number

APPENDICES

No	Title

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director of Environment and Leisure	
Report Author	Sharon Miller, Project Manager	
Version	Final	
Dated	24 March 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	No
Strategic Director of Finance and Corporate	Yes	Yes
Head of Specialist Housing Services	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes/No	Yes/No
Corporate Contract Review Board	Yes/No	Yes/No
Cabinet Member	Yes/No	Yes/No
Date final report sent to Constitutional/Community Council/Scrutiny Team		26 th March 2015

