

Item No:	Classification: Open	Date: 10 December 2020	Decision Taker: Strategic Director of Housing and Modernisation
Report title	Gateway 2 – Major works constructor framework Lot 1 Silverlock Estate QHIP 2019/2020		
Ward(s) or groups affected	Rotherhithe		
From	Head of Investment		

RECOMMENDATIONS

1. That the Strategic Director of Housing and Modernisation approves the award of the Silverlock Estate QHIP 19/20 call-off contract via a mini-competition from the major works constructor framework to A&E Elkins Ltd for a period of 45 weeks

BACKGROUND INFORMATION

2. In October 2015, Cabinet approved the establishment of the major works constructor framework ('the framework') for a period of 4 years from 1 March 2016 in the four Lots as follows:
 - a. Lot 1 - Main building works (low value schemes up to £3.5m)
 - b. Lot 2 - Main building works (high value schemes over £3.5m)
 - c. Lot 3 - District mains, boilers and internal works
 - d. Lot 4 - Communal and electrical works
3. It was noted to Cabinet that the Strategic Director of Housing and Modernisation will take the decisions for works being instructed through the framework in line with his scheme of delegation and approval was obtained for exemption from contract standing order 4.5.2(h) requiring consideration of approval reports by the relevant DCRB for works being instructed through the framework.
4. The framework supports and works alongside the council's 3 existing major works partnering contracts ('partnering contracts') but more specifically, undertakes work in contract areas 1 and 2 where the partnering contracts were mutually concluded. It should be noted that 2 of the 3 partnering contractors act as reserve contractors for contract areas 1 and 2. The partnering contracts for contract areas 3, 4 and 5 are now in place until 13 June 2020 and have non-exclusive extensions in place with termination at will clauses. However, mini-competition through the framework will be used where there are no partnering contracts in existence.
5. The scope of works for this scheme includes:

- Roof Replacement / Repair Works
- Gutter & Rainwater Pipe Replacement /Repair Works
- Fascia, and Soffits Replacement / Repair Works
- Window Repair/Replacement Works
- Repair/Replace Front Entrance Doors with fire resistant doors
- External Repairs & Redecorations (concrete, render & brickwork)
- Asphalt Repairs to existing balconies
- Communal Staircase works (including structural repairs reported to us)
- Fire Risk Assessment (FRA) Works
- Kitchen renewal to tenanted premises
- Bathroom & WC renewals to tenanted properties
- Mechanical & electrical works to common areas (if instructed) and tenanted flats
- Asbestos Removal in accordance with current LBS register
- Scaffolding (where required) by the above works

6. Lot 1 is applicable to these works.

7. The duration of the works is 45 working weeks.

8. These works were initially programmed to commence in August 2020; however due to the discovery of fire safety works that needed to be investigated and included in these works, as well as the impact of the lockdown due to the Covid-19 pandemic, the start date of this project on site has been impacted.

9. Works are expected to start on 22 February 2021 and complete on 14 January 2022.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for this Gateway 2 decision	22/12/2020
Approval of Gateway 2: Establishment of major works framework agreement	20/10/2015
Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	17/05/2019
Mini competition invitation	16/01/2020
Closing date for return of tenders	13/02/2020
Completion of evaluation of tenders	28/03/2020
Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	02/06/2020
Notification of forthcoming decision – Five clear working days	04/08/2020
Approval of Gateway 2: Mini competition award report	22/12/2020
Scrutiny Call-in period and notification of implementation	12/01/2021

Activity	Completed by/Complete by:
of Gateway 2 decision	
Contract award	17/11/2020
Add to Contract Register	19/01/2021
Contract start	22/02/2021
Publication of award notice on Contracts Finder	25/01/2021
Contract completion date	14/01/2022

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. This scheme consists of works to 232 tenanted properties on Silverlock Estate in the Rotherhithe, as well as 66 leasehold properties. There are 4 Right to Buy (RTB) applicants. The address details are as follows:

Block Address
1-78 Millender Walk
1-49 George Walter Court
1-24 McIntosh House
1-16 Adron House
1-130 Westlake House

11. The key work elements as follows:

Work Element
Concrete Works
Kitchen Works
Bathroom Works
Mechanical & Electrical
LD2 (Leaseholders)
Asbestos Works
FRA
Inner Rooms
Roof Works
Metal Work
Asphalt
Doors
Scaffolding
Structural

Policy Implications

12. This scheme is designed to deal with work to meet the Quality Housing Investment Program (QHIP) which includes works to maintain the decency of the buildings and deliver the council's commitment to quality kitchens and bathrooms.
13. Planning consent is not required for the works being undertaken within this scheme.
14. As part of the overall procurement process for this framework, A&E Elkins Ltd were assessed and indicated compliance with the council's equal opportunities policy. This scheme is for works to the housing stock and will benefit all residents in the blocks affected.
15. This report confirms that, where applicable, this scheme is designed in compliance with the council's design specification as included in the overall procurement process for the framework.

Decent Homes

16. Once all works are completed under this scheme, all properties will achieve the Government's Decent Homes standard.

Mini competition Process

17. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
18. As the scope of this work is of a nature where charges can be recovered from leaseholders under section 20 of the Landlord and Tenant Act 1987, leaseholder consultation was carried out. The council did not receive leaseholder nominations.
19. All contractors listed on Lot 1 were invited to participate in the mini-competition process with instructions to return the tender by Thursday 13 February 2020 by 1pm. The list of contractors invited is as follows:
 - A&E Elkins Ltd (Elkins)
 - Niblock Building Contractors (Niblock)
 - Saltash Enterprise Ltd (Saltash)
 - Standage & Co Ltd (Standage)
 - Thomas Sinden Ltd
 - Architectural Decorators Ltd
20. Thomas Sinden Ltd declined the invitation to tender citing that they had insufficient resources at the time.

Mini-competition Evaluation

21. The tenders were evaluated in line with the rules set out in the framework.
22. Representatives from Calfordseaden LLP participated in the tender evaluation process which involved checking whether all requirements set out in the checklist were met and assessment of price and quality specific to this scheme.
23. All tenderers were required to complete and confirm that they meet the requirements set out in the checklist. The checklist was satisfactorily completed by all tenderers.
24. The quality element of the submissions was assessed on a pass/fail basis.
25. The quality criteria for these works were as follows:
 - Resources and management of call-off contract
 - Management of sub-contractors
 - Health and Safety (H&S) proposals for the call-off contract.
 - Design Proposals.
26. The quality submissions were scored using a 1 – 3 scoring system as set out in the 'operation of the framework' document. At this stage, tenderers were required to meet a minimum threshold of 3. If they failed to meet this standard, they were not assessed any further in this process. All tenderers achieved the threshold 3. The results of the quality criteria assessments were as follows:

Contractor	Pass/Fail
A&E Elkins Ltd	Pass
Niblock Building Contractors	Pass
Standage & Co Ltd	Pass
Saltash Enterprise Ltd	Pass
Architectural Decorators Ltd	Pass

27. Tenderers were required to complete a scheme specific schedule of rates. The price evaluation included the pricing of an actual works package plus rates for composite items. Separately tendered percentages applied to overheads and profit. The costs obtained for this scheme are based on the rates tendered within the framework. This does not preclude the contractor from offering a lower rate than the framework tender.
28. Prices were sought from **6** contractors within this Lot 1
29. Calfordseaden LLP checked all priced documents submitted for arithmetical errors and general compliance with the tender requirements.
30. The prices submitted by Elkins were arithmetically checked and was found to contain errors within the bathroom and the M&E tabs. There were 18 occasions in which Elkin's rates exceeded the framework rates. These errors were brought to their attention and Elkins confirmed the adjustments on the 27 February 2020 and reduced their rates to align with the framework rates.
31. The prices submitted by Niblock were arithmetically checked and was found to contain errors two errors. The errors were corrected, highlighted and sent to Niblock for acceptance on 21 February 2020, Niblock agreed to the changes via the portal on 27 February 2020.

32. The prices submitted by Standage were arithmetically checked and was found to contain errors two errors. The errors were corrected, highlighted and sent to Standage for acceptance on 25 February 2020, Standage agreed to the changes via the portal on 26 February 2020.
33. The prices submitted by Saltash were arithmetically checked and it was found that there were several occasions detected of rates exceeding the framework. After being brought to Saltash's attention on 21 February 2020, Saltash agreed, on 27 February 2020, to reduce the rates to align with the framework.
34. The prices submitted by Architectural Decorator were arithmetically checked and it was found that there was one error in the inner rooms tab which was highlighted, corrected and sent to Architectural Decorators for acceptance on 21 February 2020, Architectural Decorators confirmed acceptance of the correction via the portal on 24 February 2020.
35. The council's appointed quantity surveyor has confirmed that the pricing has been checked in line with the framework's schedule of rates and confirmed that they are a combination of equal to or lower than the rates set out on the framework.
36. Therefore on the basis of the mini-tender submitted, the contractor recommended for this scheme is A&E Elkins Ltd.

Plans for monitoring and management of the contract

37. The performance of the framework contractors is monitored and managed by the investment team in accordance with the framework. Each project manager in the investment delivery team or other departmental officers provide a quarterly monitor on the performance of the framework contractors on the schemes they are working on as the framework contractors are expected to achieve certain targets set out in the Key Performance Indicators (KPIs) around the areas of time, cost and quality.
38. The framework contractors are monitored against these KPIs on a regular basis as if the framework contractors fail to perform to the required standard, their 'call-off' contract(s) can be terminated, their mini-competition opportunities can be restricted or they can be removed from the framework.
39. It is confirmed that this framework contractor has had 0 contracts terminated, 0 mini-competition opportunity exclusions and they have not been removed from the framework for Lot 1.
40. These 'call-off' contracts, whilst predominantly design and build contracts, have all design and work proposals examined and checked by both internal lead designers and cost consultants or by one of the council's professional technical services consultants, Calfordseaden LLP or Potter Raper Ltd (formerly Potter Raper Partnership). It is confirmed for this scheme the lead design services will be provided by Calfordseaden and cost management by an external Quantity Surveyor.

41. The spend and performance is monitored by the head of investment and reported each quarter to the major works core group led by the Deputy Leader and Cabinet Member for Housing, as well as the Housing Investment Board led by the strategic director of finance and governance.

Health and Safety Plan

42. The CDM 2015 regulations require a developed health and safety plan to be in place prior to commencement of works and the appointment of the principal designer at scheme inception. It is confirmed that the principal designer role will be provided by Calfordseaden who were appointed on 25 October 2017. Works will not commence on site until it is confirmed that the health and safety plan is sufficiently developed for the type of works proposed.
43. An extra method statement will be requested from A&E Elkins Ltd, after approval of report and referenced in the letter of award, to explain how they will manage the site during Covid-19 in line with the CLC's Site Operating Procedures (SOP) and how they will make assurances as to standards of health and safety on site.
44. We will be including the new clauses required due to Covid-19 health and safety requirements into this contract at the award stage as part of the award letter instruction.

Leasehold Implications

45. Formal legal consultations with leaseholders have been undertaken by the council's specialist housing services team.

Financial Implications

46. In addition to the works cost, it is considered prudent to add a 5% risk contingency fund, as identified in paragraph 2 above, to the contract sum to allow for any unforeseen issues. Any additional works will be agreed with the lead designer and project manager and any costs arising due to any unforeseen works will be agreed by the quantity surveyor.

Legal Implications

47. It is confirmed that this scheme falls under Lot 1 and the 'call-off' contract to be used is JCT Intermediate Building with Contractor's Design 2011. The contract documentation will be passed to legal services to formalise a contract for the scheme in due course.

Consultation

48. Consultation meetings were held with residents on 23 October 2018 and 23 April 2019 and 04 February 2020 to discuss the scope of works and inner rooms. In addition, a leaseholders meeting was held on 10 September 2020 to discuss the contributions. All residents, the T&RA and local councillors will be written to advise the commencement date of the works and a further meeting will be held.

49. The works are subject to continuous resident consultation in line with Putting Residents First policy and the setting up of a Resident Project Team (RPT), is a key component of this.
50. We have taken on board residents comments concerning security issues and with regards to communal areas including some external areas connected to the buildings, we will work with and discuss further with the RPT potential works to improve security and safety for residents, there will need to be a consideration on the final assessment of the acceptable detail of the works undertaken

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M20/078)

51. The report is seeking delegated approval from the Strategic Director of Housing and Modernisation approves the award of the Silverlock Estate QHIP 19/20 call-off contract via a mini-competition from the major works constructor framework to A&E Elkins Ltd.
52. Any other costs connected with this contract are to be contained within existing departmental revenue budgets.
53. There is an estimated resource shortfall for the Housing Investment Programme over the life of the programme. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the tragic Grenfell fire and the programme may be disrupted by the ongoing COVID 19 pandemic. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
54. Any variation or extension of the contract beyond the scope of this report will require further approval in line with the council's procurement protocols.

Head of Procurement

55. This report is seeking Strategic Director of Housing and Modernisation approval for a works contract following a mini competition from the Major Works Construction Framework (Lot 1).
56. Paragraphs,18 to 37 describes the mini –competition process and how the submissions were evaluated and the results of that process. The monitoring and managing arrangements for this contract going forward are described in paragraphs 38 to 42 and should go some way towards ensuring delivery is on time and to the required standards.

Director of Law and Democracy

57. This report seeks the approval of the Strategic Director of Housing and Modernisation to the award of the Silverlock Estate QHIP 2019/2020 Works call-off contract to A&E Elkins Ltd as further detailed in paragraph 1. It is confirmed at paragraph 4 that the decision to award works instructed through the major works

constructor framework is reserved to the Strategic Director of Housing and Modernisation without the need for consideration of this report by his DCRB.

58. The value of the works is such that they are subject to taking all reasonable steps to obtain at least five tenders following a publicly advertised competitive tender process in accordance with contract standing orders (CSO) 4.3. However, paragraph 3 of this report confirms that in October 2015 a major works constructor framework was established, following an EU compliant tendering exercise, through which mini-competition procedures are undertaken under each of the four Lots.
59. Paragraph 20 confirms that a mini-competition procedure was carried out for these works under Lot 1 to the 6 framework contractors. However, paragraph 21 confirms that only 5 tenders were received including reasons why one framework contractor did not tender. Paragraph 37 confirms that on the basis of the mini-competition submitted and the evaluation process carried out, A&E Elkins Ltd is proposed as contractor for these works.
60. The Strategic Director's attention is drawn to the fact that given the Covid-19 pandemic, officers will request A&E Elkins Ltd to provide the council with a method statement response around their social distancing measures and health and safety measures to protect staff whilst on site and this method statement response will be incorporated into the contract and referenced in the letter of award.
61. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 45-48 confirm the financial implications of this award.

Director of Exchequer (for housing contracts only)

62. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.
63. There are 66 leaseholders and 4 RTB applicants 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 17 May 2019 and expired on 18 June 2019.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation contained in the above report.



22 December 2020

Signature..... Date

Michael Scorer, Strategic Director of Housing and Modernisation

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.
2. REASONS FOR DECISION
As set out in the report.
3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.
4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION
5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>
6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.* or I declare that I was informed of the conflicts of interests set out in Part B4.*
(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Major works project file	160 Tooley Street, SE1 2QH	Ola Adefala 0207 525 1380

APPENDICES

No	Title
n/a	

AUDIT TRAIL

Lead Officer	Dave Hodgson, Director of Asset Management	
Report Author	Ola Adefala, Contract Manager	
Version	Final	
Dated	10 December 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	Yes	Yes
Cabinet	n/a	n/a
Date final report sent to Constitutional Team		22 December 2020