

REPORT FOR: **CABINET**

Date of Meeting:	14 July 2015
Subject:	Award of Contracts to deliver Housing Capital Programme (subject to successful completion of leasehold consultation)
Key Decision:	No
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing
Exempt:	No, except for appendix 1 to this report which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 (as amended) in that it includes information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	Yes
Wards affected:	Harrow on the Hill
Enclosures:	PART II (Exempt) – Appendix 1

Section 1 – Summary and Recommendations

This report sets out the background to the Northolt Road Enveloping scheme; provides details of the tender evaluation and seeks delegated authority to appoint the recommended contractor subject to the results of leasehold consultation.

Recommendations:

- 1) Cabinet is requested to note the results of the tendering exercise for the Northolt Road Enveloping scheme.
- 2) Cabinet is requested to delegate authority to Corporate Director - Resources to award the contract subject to the results of the consultation in accordance with Section 20 of the Landlord and Tenant Act 1985.

Reason: (For recommendations) Cabinet approval is required for contracts in excess of £500,000.

Section 2 – Report

1. Introductory paragraph

- 1.1 This tender for a contractor to deliver the scheme at Northolt Road will support a number of the Council's objectives by providing much needed improvements that will improve the quality of life for residents, reduce fuel poverty and over time improve the value of the Council's asset.
- 1.2 The scheme is part of the Housing HRA Capital programme and the works will provide a 'warm' roof to 4 blocks. It also provides new double glazed windows and doors conforming to fire regulations where needed. These improvements will reduce carbon emissions but also reduce resident's electricity and gas bills and contribute to reducing fuel poverty whilst making homes warmer. The look of the estate will also improve adding greatly to residents' wellbeing. Internal doors conforming to fire regulations will greatly improve health and safety of residents also.
- 1.3 The scheme will also improve future maintenance costs associated with the blocks reducing revenue spent on holding repairs.
- 1.4 An important part of this tender process has been the evaluation of the added social value the contractor will deliver. This includes the use of local supply chains and the creation of local job opportunities. We provide details of the Contractors social value action plan in Part 2 of this report.

2. Options

Our options are:

- 2.1 Do nothing: This will mean that the asset and subsequent quality of life for residents could deteriorate. It would also increase maintenance costs in terms of resourcing short term repair costs.
- 2.2 Do less: While this will see minor improvements to the asset and quality of life it would not meet the expectations of the residents or the Council's standards for improvements.

- 2.3 Preferred option: Deliver the identified scheme: see below. The scheme has been identified by the Data and Planning Team through survey and stock condition information. We have procured the scheme in accordance with the Council's procurement procedures and we were supported by the Procurement Team in the process. This includes full procurement through the Council's e-procurement system 'DueNorth'. Details of the procurement are given below.

3. Background

- 3.1 The need for improvements was identified from the stock condition database, subsequent surveys, feasibility studies and is part of the Asset Management Team's 4 year programme of works. We have consulted with local residents and members about the scheme. In addition to this, statutory S20 Leasehold Consultation Stage 1 has also taken place.
- 3.2 The works we will be delivering are to part of the Northolt Road Estate consisting of 7 blocks which range in dates from 1950's to 1980s housing a mixture of tenants and leaseholders. There are four older blocks which are of a reinforced concrete frame construction with felted flat roofs, the later blocks being of cavity brick with pitched felted roofs with vertical tiled sections at the upper level and level drying areas. Most flats have upvc windows, however some still have original single glazed hardwood.

The works will include the following:

- Re-roofing (Utilising warm roof insulation system)
- Internal/External Decorations
- Window/Door replacements and associated works

The pretender estimate for the works was £800,000.

- 3.3 The scheme will be managed by a specialist Project Manager, supported on site by a Clerk of Works and a resident consultation officer. These internal salaries will be capitalised and reported through the Council's timesheet system 'Profess'.
- 3.4 The scheme will be managed in accordance with the Council's Contract Management procedures. The scheme will be monitored and measured through the use of a suite of KPIs and using the JCT Minor Works form of contract.
- 3.5 Delivery of the scheme will result in significant reduction of maintenance costs (e.g. we have spent £41k on maintenance of the blocks in the past 2 years).

3.6 Procurement and current status

- 3.7 Following the successful Stage 1 S20 Leaseholder consultation which was issued in February 2015 and completed in March 2015 the specification/tender was prepared using a non-framework JCT contract.

Prospective tenders were invited through a single stage PQQ/ITT e-tender process using the current 'DueNorth' e-tendering procurement.

3.8 The M.E.A.T (most economically advantageous tender) calculation was based on 40% of the points being awarded for Quality/Technical assessment and 60% of the points being awarded for Commercial assessment.

3.9 The results of the tender evaluation are set out in Part 2 of this report.

3.10 The recommended contractors social value plan is shown in Part 2 of this report:

3.11 The second stage Leasehold consultation S20 process will start w/c 6th July 2015. The Council has recommended the contractor who tendered the lowest price therefore this will only require one more stage of statutory consultation further to which, the decision to award the contract will be made subject to the results of such consultation. Should the consultation change our recommendation then we will return to Cabinet to review any decision. The Contract will not be awarded until we have given due regard to any observations during Leasehold Consultation.

3.12 The Northolt Road Enveloping scheme will improve the quality of life for all the residents living in the Northolt Road block. We will:

- Improve safety through replacement doors which will provide suitable protection from fire and provide increased security.
- Improve the 'look' of the estate and increase well-being as a result of external and internal decoration.
- Reduce fuel bills through new double glazed window units, improved doors and a new insulated 'warm' roof.
- Our procurement strategy has promoted this opportunity to local contractors and we will be encouraging the successful contractor to use local supply chains thus benefitting the local economy.

3.13 The Northolt Road Enveloping Scheme will be managed and monitored through a suite of Key Performance Indicators. These include indicators to measure:

- Performance against the contract price.
- Performance against resident satisfaction.
- Performance against contract time period.
- Performance against sustainability indicators (including environmental and waste management indicators and impact on the local economy).
- Performance against quality of work.

3.14 Environmental Impact

3.15 It is our intention that the delivery of this contract will assist in the achievement of the Council's objectives around social, economic and environmental sustainability. We want to do all we can to ensure that we support Harrow's economy by buying locally wherever practical and maximise opportunities for local people in employment and training. The

contract specification required tenderers to provide detailed information about their contribution to the environment and sustainability

3.16 Risk Management

3.17 The Risk is included on Directorate risk register part of delivery of the overall HRA Capital Programme.

3.18 A separate contract/project risk register is in place for the Northolt Road Enveloping scheme.

3.19 The key risks are:

- Delivery of the contract will exceed the contract value. We will mitigate this risk with excellent contract management. This will monitor the financial delivery of the scheme on an on-going basis including forecasting final account outturns. Contract monitoring also takes place at a local and departmental level. We have also included a contingency within the contract for unforeseen issues.
- We will not deliver the outcomes we intend from the contract. We will mitigate the risk by excellent contract management that will include the measurement of contract outcomes against key performance indicators. This will include resident satisfaction where we have set a target in excess of 90%.
- This is an external scheme and poor weather may extend the contract period and increase costs and dissatisfaction of residents. We have mitigated this risk by attempting to start the contract in the summer months where we will attempt to deliver the more weather dependent improvements. A time contingency has also been included within the project planning to mitigate against contract extension.

3.20 The timeframe for the project is set out below with key dates and milestones:

Event (Subject to successful completion of Stage 2 Leasehold Consultation).	Date
Publish Open ITT advert and Invitations to Tender	8th May 2015
Deadline for submitting clarifications	1st June 2015 12 Noon
Tender submission deadline	5th June 2015 12 noon
Evaluate Tender submissions	8th June – 19th June 2015
Award recommendation	22nd June 2015
Leasehold consultation period (4 working Weeks)	6th July – 4th August 2015
Consideration of observations: Stage 2 Leasehold Consultation	5 th August onwards.
Mobilisation	22 nd August 22 nd September
Contract commencement date	22 nd August 2015
Contract completion	31 st March 2016

4. Legal Implications

- 4.1 The Council will be entering into a JCT Minor Works Contract. The contractor will be managed and monitored against this contract. The contract will be sealed according to Council procedures.
- 4.2 The council must comply with the statutory consultation requirements under section 20 of The Landlord & Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002 and the Service Charges (Consultation Requirements) (England) 2003 if it is to be able to recover service charges from long leaseholders (including those with shared ownership leases) and periodic tenants (including secure or assured weekly or monthly tenants).

5. Financial Implications

- 5.1 The cost of this scheme will be met from within existing HRA capital budget provision.
- 5.2 The pre-tender estimate for the scheme is £800,000. The recommended contractors' tender costs are **under the pre-tender estimate**. Scheme preparation has also required some consultancy support for surveys, drawings and CDMC. This overall cost is estimated at around £7k. These costs were charged and paid to the scheme in 14/15.
- 5.3 The scheme will also require internal resources to deliver. This includes a Project Manager, Clerk of Works and support officers. Our internal work on the scheme will be measured through the use of timesheets input onto the Council's 'Profess' System. We estimate that salaries will be around 7% of scheme cost estimated at £56k. The salaries are charged to a separate capitalised salaries budget.
- 5.4 The scheme is subject to Statutory Section 20 procedures and on completion of the work leaseholders will be billed for works under the terms of their leases.
- 5.5 Delivery of the scheme will result in significant reduction of maintenance costs.
- 5.6 We intend to form a monthly project group inviting local residents and members to support the management and monitoring of the scheme throughout its implementation.

6. Equalities Implications / Public Sector Equality Duty

- 6.1 The Northolt Road Enveloping scheme was subject to an Equalities Impact Assessment on the overall HRA Capital Programme. We have instructed that a further Equalities Impact Assessment is carried out for this particular contract.

6.2 We have carried out an Equalities Impact Assessment for the HRA Capital programme. We will be putting in place an Equalities Impact Assessment for the Northolt Road Enveloping Scheme Contract.

6.3 We have also consulted with residents at Northolt Road about the proposed scheme.

7. Council Priorities

7.1 The Council's vision **Working Together to Make a Difference for Harrow** will be met as below.

7.2 Please identify how the report incorporates the administration's priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

7.3 The Northolt Road Enveloping scheme will improve the quality of life for all the residents living in the Northolt Road blocks:

- Improve safety through replacement doors which will provide suitable protection from fire and provide increased security.
- Improve the 'look' of the estate and increase well-being as a result of external and internal decoration.
- Reduce fuel bills through new double glazed window units, improved doors and a new insulated 'warm' roof.
- Our procurement strategy has promoted this opportunity to local contractors and we will be encouraging the successful contractor to use local supply chains thus benefitting the local economy.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 June 2015		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 9 June 2015		

Ward Councillors notified:

YES

EqIA carried out:

YES (for HRA Capital Programme)

EqIA to be cleared by:

EqIA Task Group (Carole Yarde)

Section 4 - Contact Details and Background Papers

Contact: Andrew Campion
Planned Investment Manager
andrew.campion@harrow.gov.uk
Tel: 020 8424 1339 or Int Ext 2339

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee

NOT APPLICABLE

[Call-in applies]