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|-----------------------------------|--|-----------------------------|---|
| Item No: | Classification: Open | Date: 21 May 2019 | Decision Taker: Strategic Director of Housing and Modernisation |
| Report title | Gateway 2 – Kirby Estate QHIP 2018/ 2019 | | |
| 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 Kirby Estate QHIP 2018/2019 via a mini-competition from the major works constructor framework to A&E Elkins Ltd for a period of 30 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 repairs, chimney repairs, loft insulation, stone capping repairs, fabric repairs, asphalt repairs, rainwater goods, drainage repairs, window repairs, front entrance door upgrades, external decorations, kitchen and bathroom replacements and electrical upgrades and repairs; to serve the properties (tenanted and leasehold) to the above properties.
6. Lot 1 is applicable to these works.
7. The duration of the works is **30** working weeks.
8. Works are expected to start on 24 June 2019 and complete on 20 January 2020.

Procurement project plan (Key Decision)

| Activity | Completed by/Complete by: |
|--|---------------------------|
| Forward Plan for this Gateway 2 decision | 01/05/2019 |
| Approval of Gateway 2: Establishment of major works framework agreement | 20/10/2015 |
| Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation) | 02/07/2018 |
| Mini competition invitation | 31/08/2018 |
| Closing date for return of tenders | 05/10/2018 |
| Completion of evaluation of tenders | 29/10/2018 |
| Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation) | 10/01/2019 |
| Notification of forthcoming decision – Five clear working days | 23/04/2019 |
| Approval of Gateway 2: Mini competition award report | 08/05/2019 |
| Scrutiny Call-in period and notification of implementation of Gateway 2 decision | 16/05/2019 |
| Contract award | 23/05/2019 |
| Add to Contract Register | 23/05/2019 |
| Contract start | 24/06/2019 |
| Publication of award notice on Contracts Finder | 24/06/2019 |
| Contract completion date | 20/01/2020 |

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to 1-119 Kirby Estate in the Bermondsey and Rotherhithe area. This includes 29 leasehold properties and no Right to Buy (RTB) applicant. The address details are as follows:

| Block Address |
|--------------------------------------|
| 1-17 Kirby Estate, London, SE 16 2EE |
| 18-36 Kirby Estate, London, SE16 2EE |
| 37-55 Kirby Estate, London, SE16 2EG |
| 56-70 Kirby Estate, London, SE16 2EG |

| |
|---------------------------------------|
| 71-88 Kirby Estate, London, SE16 2EF |
| 89-119 Kirby Estate, London, SE16 2EF |

10. The key work elements are as follows:

| |
|------------------------------------|
| EXTERNAL WORKS |
| CONCRETE WORKS |
| KITCHENS |
| BATHROOM & WC |
| MECHANICAL & ELECTRICAL |
| ASBESTOS REMOVAL |
| WINDOWS |
| EXTERNAL DECORATIONS |
| ROOF WORKS |
| DOORS |
| BRICKWORK REPAIRS |
| SCAFFOLDING |
| SUB-TOTAL |
| PRELIMINARIES |

Policy Implications

11. This scheme is designed to deal with work to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency and deliver the councils commitment to a quality kitchen and bathroom.
12. Planning consent is required for the works being undertaken within this scheme.
13. 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.
14. 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

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

Mini competition Process

16. The call-off arrangements set out in the 'operation of the framework' document was followed and a mini-competition procedure was carried out.
17. 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.
18. All contractors listed on Lot 1 were invited to participate in the mini-competition process with instructions to return the tender by 1pm on 5 October 2018. The list of contractors invited is as follows:
 - Saltash Enterprises Ltd
 - A&E Elkins Ltd
 - Standage & Co. Ltd
 - Thomas Sinden Ltd
 - Architectural Decorators Ltd
 - Niblock (Builders) Ltd
19. All 6 contractors returned a tender.

Mini-competition Evaluation

20. The tenders were evaluated in line with the rules set out in the framework.
21. Representatives from Calfordseaden LLP and the investment team 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.
22. 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.
23. The quality element of the submissions was assessed on a pass/fail basis.
24. 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.
25. The quality submissions were scored using a 1 - 3 scoring systems 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.
26. The results of the quality criteria assessments were as follows:

| Contractor | Pass/Fail |
|------------------------------|------------------|
| Saltash Enterprises Ltd | Pass |
| A&E Elkins Ltd | Pass |
| Standage & Co. Ltd | Pass |
| Thomas Sinden Ltd | Pass |
| Architectural Decorators Ltd | Pass |
| Niblock (Builders) 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 and the results were as follows:

| Contractor |
|------------------------------|
| A&E Elkins Ltd |
| Saltash Enterprises Ltd |
| Standage & Co. Ltd |
| Niblock (Builders) Ltd |
| Architectural Decorators Ltd |
| Thomas Sinden Ltd |

29. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements by Calfordseaden LLP (Calfordseaden).

30. The results of the revisions as described above are as follows:

| Contractor |
|------------------------------|
| A&E Elkins Ltd |
| Thomas Sinden Ltd |
| Standage & Co. Ltd |
| Saltash Enterprises Ltd |
| Architectural Decorators Ltd |

31. 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.

32. 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

33. 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 calling from the framework 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.
34. 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.
35. 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.
36. 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 Partnership. It is confirmed for this scheme that the lead design services will be provided by Calfordseaden LLP and cost management by also by Calfordseaden LLP.
37. 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, the Housing Investment Board led by the Strategic Director of Finance and Governance.

Health and Safety Plan

38. 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 15 April 2016. 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.

Leasehold Implications

39. Formal legal consultation with leaseholders has been undertaken by the council's specialist housing services team. These works are rechargeable to leaseholders.

Financial Implications

40. In addition to the works cost, it is considered prudent to add a 5% risk contingency fund, 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.
41. The works identified in this report form part of the Housing Investment Capital programme. This will be funded from HRA resources.

Legal Implications

42. It is confirmed that this scheme falls under Lot 1 and the 'call-off' contract to be used is JCT Intermediate Building Contract 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

43. Consultation meetings were held with residents on 5 October 2017 and 22 May 2018 to discuss the scope of works. In addition, a leaseholders meeting was held on 29 January 2019 to discuss their 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.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 19/006)

44. The report is requesting delegated approval from the Strategic Director of Housing and Modernisation to award the works contract entitled Kirby Estate QHIP 2018/2019 via a mini-competition from the major works constructor framework to A&E Elkins Ltd.
45. Any variation or extension to the contract beyond the scope of this report will require further approval in line with council's procurement protocols

Director of Law and Democracy

46. The legal implications are contained in the main body of this report; a legal concurrent is not required.

Director of Exchequer (for housing contracts only)

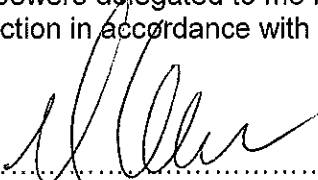
47. These are works of repair and are therefore chargeable to leaseholders under the terms of their leases.

48. There are 29 leaseholders and no RTB 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 01 June 2018 and expired on 02 July 2018. There were 2 observations received from leaseholders at this stage.

49. Section 20 notices of proposal were served on 06 December 2018 and expired on 10 January 2019. There were no observations received from leaseholders at this stage.

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.

Signature  Date 31 May 2019
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. |

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|--------------------------------|
| 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

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.

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

| Title: | Held at | Contact |
|--------------------------|-------------------------------|----------------|
| Major works project file | 160 Tooley Street, SE1 2QH | |

APPENDICES

| Appendix number | Title of appendix |
|------------------------|--------------------------|
| n/a | |

AUDIT TRAIL

| | | | |
|---|---------------------------------------|--|-----|
| Lead Officer | Ferenc Morath, Head of Investment | | |
| Report Author | Courtland Fletcher – Contract Manager | | |
| Version | Final | | |
| Date/ | 21 May 2019 | | |
| Key Decision | Yes | If yes, decision date on forward plan | N/A |
| CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER | | | |
| Officer Title | Comments Sought | Comments Included | |
| Strategic Director of Finance and Governance | Yes | Yes | |
| Director of Law and Governance | Yes | Yes | |
| Director of Exchequer | Yes | Yes | |
| Cabinet Member | n/a | n/a | |
| Date final report sent to Constitutional Officer | | | |

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

| | |
|--|--|
| Contract Name | Kirby Estate Quality Homes Investment Programme 2018/19 |
| Contract Description | QHIP |
| Contract Type | JCT Intermediate Building Contract with Contractor's Design 2011 |
| Lead Contract Officer (name) | Courtland Fletcher |
| Lead Contract Officer (phone number) | 020 7525 1145 |
| Department | Housing and Modernisation |
| Division | Asset Management |
| Procurement Route | 'Call-off' Major Works Constructor Framework |
| EU CPV Code (if appropriate) | N/A |
| Departmental/Corporate | Departmental |
| Fixed Price or Call Off | |
| Supplier(s) Name(s) | A&E Elkins Ltd |
| Contract Total Value | £1,184,822.25 |
| Contract Annual Value | |
| Contract Start Date | 22 May 2019 |
| Initial Term End Date | 16 February 2020 |
| No. of Remaining Contract extensions | 0 |
| Contract Review Date | N/A |
| Revised End Date | N/A |
| SME/ VCSE (If either or both include Company Registration number and/or registered charity number) | 00846751 |
| Comments | N/A |
| London Living Wage | Yes |

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