

MUNICIPAL YEAR 2014/2015/2016

PORTFOLIO

DECISION OF: Ahmet Oyken
Cabinet Member for Housing
and Estate Regeneration

REPORT OF: Ray James

The Director of Health, Housing
and Adult Social Care

Agenda – Part: 1

Item:

Subject: Post Tender Report for Channel
Island Blocks Externals – External Repairs
and Enveloping Works

Wards: Enfield Highway

Cabinet Member consulted:

Cabinet Member for Housing and Estate
Regeneration, Councillor Ahmet Oyken

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1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for acceptance of the tender that represents the lowest price and complies with the tender requirements of the Council for external repairs and enveloping works as part of the Council's Decent Home Programme.
- 1.2. This is a Key Decision of the Council and is on the Key Decision List Reference KD 3712
- 1.3. Six contractors from the Construction Line list were invited to tender on the basis of single stage selective tender and five tenders were submitted. The tender offering the lowest price and complies with the tender requirements of the Council is recommended.

2. RECOMMENDATIONS

- 2.1 That the proposed scheme is to be funded from the Housing Capital Programme.
- 2.2 That approval is given to accept the lowest price tender complying with the tender requirements of the Council submitted by Contractor 1 in the sum of £3,773,042.00 excluding fees.
- 2.3 That approval is given for Professional Fees (Multi-disciplinary) of £74,329.00 giving a total scheme cost of £3,847,371.00 over the 3 financial years from 2014/15 to 2016/17

3. BACKGROUND

- 3.1. The scheme is part of Enfield's Decent Homes Programme which is a Government initiative to ensure that all social housing meets set standards of decency by 2015.
- 3.2. The consultant was appointed through a selective tendering process using the ProContract procurement system to procure works from inception to completion. The award of contract to the consultant Capital Property & Construction Consultants Ltd The professional fee allocation for the scheme is £74,329.00
- 3.3. The original scheme was selected after examination of the Council's stock condition survey and selected on the basis of chronological priority, type of work and scheme size respectively. The scheme will cover 226 properties, of which 62 are leasehold.
- 3.4. The initial pre-tender estimate for the works was £4,200,000.00
- 3.5. Six contractors from the Constructionline list were invited to tender. Details of the tender figures received and summary analysis of the lowest are set out in Part 2.
- 3.6. The lowest tender obtained in the sum of £3,773,042.00 was reached by competitive tendering.
- 3.7. The contract was procured under the JCT Standard Building Contract (With Quantities), 2011 Edition.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The scheme forms part of the Decent Homes Programme, which is a Government initiative to bring all housing up to a decent standard by 2015. It was assessed as a priority on the stock condition survey and therefore no other alternatives have been considered.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The blocks identified in this package have been identified from the stock condition survey as requiring external repairs and enveloping works to address the current non-decency.
- 5.2 The works comprise external repairs and external enveloping works to 4 High Rise and 1 medium blocks of flats known as The Channel Island Blocks EN3 and include external brickwork, concrete repairs, replacement of windows and recovering of balcony finishes, roof covering renewal works, renewal of rainwater goods, Main Communal Entrance Door/Door Enterphone, Replacement renewal of Balustrading to communal & private

balcony walkways, Communal IRS TV system upgrades and external redecorations.

- 5.3 This scheme forms part of Enfield Homes' on-going programme to maintain its housing stock and fulfil its landlord obligations.

6 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES & CUSTOMER SERVICES DEPARTMENT

6.1 Financial Implications

- 6.1.1 The tender for this project have been obtained in compliance with the Council's Contract Procedure Rules and was evaluated on price alone. The total works value has been estimated at £3,773,042 with multi-disciplinary fees of £74,329 giving a total cost of £3,847,371. The scheme will cover 226 properties, of which (27%) are leasehold.

- 6.1.2 The breakdown of the cost of these works is detailed below:

Description	Works	Fees	Total
	£	£	£
Cost	£3,773,042	£74,329	£3,847,371
Projected Spend 2014/15 (25%)	943,261	44,597	987,858
Projected Spend 2015/16(72.5%)	2,735,455	27,873	2,763,329
Projected Spend 2016/17(2.5%)	94,326	1,858	96,184
Total Spend	3,773,042	74,329	3,847,371

- 6.1.3 A maximum retention charge of £96,184 (based on 2.5% of construction and multi-disciplinary fee costs) will be paid 12 months from the contract completion date, following satisfactory remedial work to any defects that may have arisen as a result of the work carried out.

- 6.1.4 The cost of this work will be funded from the 2014/15 HRA capital resources. The scheme is included within the Housing Capital Programme for 2014/15.

6.2 Legal Implications

- 6.2.1 The Council has the power to alter, repair or improve its housing stock in accordance with Section 9 of the Housing Act 1985. The Council further has power under Section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 6.2.2 The projected fees for professional services and the estimated costs of the proposed works are below the Public Contracts Regulations 2006 financial thresholds and therefore the full EU procurement procedures do not apply. However, the Council does need to be mindful of the EU general principles with regards equality, transparency, proportionality and non-discrimination. The client has confirmed that the tender exercise was carried out in accordance with the Council's Constitution, in particular, the Contract Procedure Rules.
- 6.2.3 Constructionline is used as a pre – qualification service in the construction Industry. The use of pre-qualification services for works is reflected in the Council's Contract Procedure Rules (CPRs) in section 25.
- 6.2.4 The formation of any resultant legal contracts required in association with this matter must be in a form approved by the Assistant Director of Legal Services

6.3 Property Implications

- 6.3.1 The Council's standard residential lease places the obligation on the Council to undertake necessary repairs, and permits the Council to make improvements, all as proposed above. The lease allows the Council to recover a proportionate cost of the works from the leaseholders.

6.4 Leaseholder Implications

- 6.4.1 There are 62 leaseholders involved in this contract, within the 5 blocks identified for the proposed works
- 6.4.2 The Notices of Intention were served on 15th May 2014. One observation was received and was duly replied within the statutory timescales. There were no nominations.
- 6.4.3 The Notices of Estimate was sent out on 3rd November 2014, inviting further observations by 11th December 2014.
- 6.4.4 The total cost to a leaseholders is estimated at £1,180,814.55. The average cost per leaseholder is £19,045.40, the lowest charge per leaseholder is

£17,063.08 and the highest charge is £20,847.46. Leaseholders have up to three years to spread their payments, from the date of the estimate; in accordance with the Councils Financial Assistance Package

7 RISKS

7.1 Key Risks

7.1.1 The main risks to the scheme are presented in tabular form below together with the corresponding mitigation actions.

- Key: **H = High**, **M = Medium**, **L = Low**

Item	Risk	Impact	Probability	Mitigation	Owner
1	Non Delivery of Project	H	M	Develop project delivery plan, commission consultants and contractor ASAP.	Housing Professional Services (HPS)
2	Quality Issues	H	M	Set benchmark, monitor site meetings through Contract Administrator (CA) & Clerk of Works (COW) reports, measure continuous improvements using KPIs.	HPS PM
3	Cost Overrun	M	L	Rigorous Cost Planning, early reporting, comprehensive specification, inclusion of contingencies, tender analysis.	HPS PM
4	Time Overrun	H	M	Manage approvals stage – instil sense of urgency by senior staff. Monitor programme, monthly progress reports & LADs.	HPS PM
5	Extended Consultation	M	M	Establish key milestones and communication strategy at the outset.	HPS
6	Additional Works Identified	M	M	Detail and agree scope of works, prioritise core DHS works and use contingency	HPS

8 IMPACT ON COUNCIL PROPERTIES

- 8.1 **Fairness for all:** The proposed works will enhance the fabric and appearance of the Council's properties and provide better facilities to the residents. Undoubtedly, the proposed scheme will assist in meeting the Council's objectives by providing economically successful and socially inclusive communities.

- 8.2 **Growth and Sustainability:** The new double glazed windows will reduce heat loss and achieve noise reduction. In addition, the improvements will have positive impact on the energy performance of the Council's stock. Products specified and materials used will be sustainable and energy efficient. The contractor and manufacturers are required to have a stringent Environmental Policy in place.
- 8.3 **Strong Communities:** The project promotes Key Council values and places emphasis on residents' empowerment and participation through involving residents groups in the consultation process from inception to completion. The scheme addresses the Council's objective by involving the public in the decision making process and help them play an active role in their local neighbourhoods.

9 EQUALITIES IMPACT IMPLICATIONS

- 9.1 It is not deemed relevant or proportionate to carry out an equality impact assessment/analysis for the approval of the tender that represents the lowest price and complies with the tender requirements of the Council for external repairs as part of the Council's Decent Home Programme.

10 PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 The works will benefit 215 properties which will be made decent and others prevented from becoming non-decent hence allowing the Council to meet its obligations under the Best Value Performance Indicator (BVPI) namely BVPI 184b and BVPI 74a.

11 HEALTH AND SAFETY IMPLICATIONS

- 11.1 The project is notifiable to the Health and Safety Executive (HSE) under the Construction (Design and Management) Regulations 2007 (CDM).
- 11.2 A Pre-Tender Health and Safety Plan was submitted with the tender and the Contractor will submit a Pre-Construction Health and Safety Plan once appointed. This will be updated throughout the contract and a Health and Safety File issued upon completion of the works.

12 HR IMPLICATIONS

- 12.1 This section is not applicable for this particular scheme.

13 PUBLIC HEALTH IMPLICATIONS

- 13.1 The Decent Homes Works scheme seeks to modernise council stock by providing structurally sound, thermally efficient and modern facilities.

13.2 The completed works will provide a warmer, more energy efficient stock through the installation of double glazed windows.

13.3 The Energy Saving Trust (EST) estimate that new double glazed windows can save between £95 and £223 a year hence reducing fuel poverty across the borough's existing stock.

13.4 A recent study undertaken by Nottingham City Council on the impact of its Decent Homes programme revealed some of the benefits and they are as follows:

- Improve children's respiratory health.
- Improve mental health by relieving excess cold.
- Tackle fuel poverty.
- Reduce accidents within properties.
- Reduce hospital admissions due to falls.
- Reduce theft.

14 BACKGROUND PAPERS

MUNICIPAL YEAR 2014/2015

PORTFOLIO DECISION OF:

Cabinet Member for Housing,
Councillor Ahmet Oykener

REPORT OF:

Director of Health, Housing and
Adult Social Care, Ray James

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Agenda – Part: 1	Item:
Subject: Jubilee Blocks, External Enveloping and Communal Upgrades	
Wards: Lower Edmonton, Jubilee and Ponders End	
Cabinet Member consulted: N/a Key Decision: KD 3861	

1 EXECUTIVE SUMMARY

- 1.1 This report seeks approval to accept the recommended tender for carrying out external enveloping and communal upgrade work to 241 properties in Edmonton and Ponders End. This is a Key Decision of the Council, reference KD 3861.

2 RECOMMENDATIONS

- 2.1 That approval is given to accept the tender from, and award the contract as per the published criteria to Contractor A in the sum of £2,792,739 for the works, as detailed in the Part 2 report.
- 2.2 That approval is given to include a 10% contingency against unforeseen and increased costs.
- 2.3 That it is noted that professional fees for this project will be incurred in the sum of £82,279 giving a total project cost, including a 10% contingency of £3,154,292.

3 BACKGROUND

- 3.1 This scheme is part of Enfield's Decent Homes Programme, which is a Government initiative to ensure that all social housing meets set standards of decency by 2015.
- 3.2 Enfield Homes has appointed a firm of consultants, to provide surveying and contract administration services in relation to the works from inception to completion.
- 3.3 The Jubilee Blocks project focuses on refurbishing the external envelope of 24 blocks in the two wards. It will provide either new or refurbished roof coverings, repairs to concrete and brickwork, replacement windows, door

entry systems, a Sky+ TV aerial system and improvements to external communal areas including grounds, drying areas, garages and sheds. In all 241 dwellings will benefit from these works.

3.4 The work will entail scaffolding the blocks to enable access for the contractor. The work will not be unduly disruptive to residents and all efforts will be made to ensure this is kept to the minimum for the shortest period. Kenwood House in particular is occupied by elderly and vulnerable residents close attention will be paid to each residents needs in conjunction with the contractor's resident liaison staff.

3.5 Tenders were invited from seven companies. Five tenders were returned with one company opting out, and the other failing to return a tender. The Council's Contract Procedure Rules have been complied with in carrying out this tender. The five returned tenders were assessed by the Council's consultants for compliance with the tender requirements analysed and a recommendation made, based on price alone. A detailed analysis of the tenders is contained in the Part Two report.

4 ALTERNATIVE OPTIONS CONSIDERED

The scheme forms part of the Decent Homes programme, which is a Government initiative to bring all housing up to a decent standard by 2015 and was assessed as a priority on the stock condition survey, and therefore no other alternatives have been considered.

5 REASONS FOR RECOMMENDATIONS

5.1 All contractors who tendered for this project have fulfilled the Council's criteria for undertaking this type and value of work.

5.2 The recommended contractor has submitted the lowest tender and has been judged capable of complying with the specification.

5.3 The recommended works will enable the Decent Homes standard to be achieved, put the homes into good repair, increase comfort, improve thermal efficiency, improve ventilation performance, improve security and reduce future maintenance costs.

5.4 The tenders for this project did not include a contingency. In order to provide comfort against unexpected increases in cost due to additional work being identified on site, an additional 10% of the recommended tender price is included for approval.

6 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMERS SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 The tender for this project has been obtained in compliance with the Council's Contract Procedure Rules and was evaluated on the basis of the

published criteria on lowest price. The cost of this project is now based on the recommended tender submission of £2,792,739, and a 10% contingency of £279,274. The recommended tender including 10% contingency is £20,203 (0.66%) below the original pre tender estimate for works of £3,051,810. With multi-disciplinary fees of £82,279 this gives a total scheme cost of £3,154,292. The scheme will benefit 241 properties.

- 6.1.2 The works will be delivered in 40 weeks from start on site, with practical completion expected to take place in 2015/16. The breakdown of the cost of the works over the financial years is estimated as follows:

	2014/15	2015/16	2016/17	Total
Works / Fees	Works & Fees	Works & Fees	Retention (2.5%)	
	£	£	£	£
Construction Costs	558,548	2,164,373	69,818	2,792,739
Contingency (10%)	55,855	216,437	6,982	279,274
Multi-disciplinary Fees	16,456	63,766	2,057	82,279
Total Scheme Costs	630,858	2,444,576	78,857	3,154,292

- 6.1.3 A maximum retention charge of £78,857 (based on 2.5% of the works and multi-disciplinary fee costs) will be paid 12 months from the contract completion date. Payment will be made following satisfactory remedial work to any defects that may have arisen as a result of the work carried during the defects period.
- 6.1.4 The cost of this work will be funded from the 2014/15 HRA capital resources. The scheme is included within the Housing Capital Programme for 2014/15.
- 6.1.5 This scheme covers 114 Leasehold properties and their cost implications are explained below in section 6.4.

6.2 Legal Implications

- 6.2.1 The Council has the power to alter, repair or improve its housing stock in accordance with Section 9 of the Housing Act 1985. The Council further has power under Section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 6.2.2 The estimated costs of the proposed works are below the Public Contracts Regulations 2006 financial thresholds and therefore the full EU procurement procedures do not apply. However, the Council does need to be mindful of the EU general principles with regards equality, transparency, proportionality and non-discrimination. The client has confirmed that the tender exercise was carried out in accordance with the Council's Constitution, in particular, the Contract Procedure Rules.

- 6.2.3 The formation of any resultant legal contracts required in association with this matter must be in a form approved by the Assistant Director of Legal Services
- 6.2.4 When carrying out major works of this nature the Council is only allowed to recover the costs from the leaseholders if it carries out a consultation exercise, serving notice on leaseholders in accordance with section 20 of the Landlord and Tenant Act 1985 (as amended) ("the Act") and regulations issued pursuant to section 20. The Council must ensure that it carries out the consultation in accordance with the regulations issued pursuant to the Act.
- 6.2.5 The engagement of the consultant for the multi-disciplinary consultancy service was in accordance with the Council's Contract Procedure Rules, as documented in a previous report.
- 6.3 Property Implications**
- 6.3.1 Undertaking the repairs and improvements should help extend the life of the building and reduce annual maintenance costs.
- 6.4 Leaseholder Implications**
- 6.4.1 There are 114 leaseholders involved in this contract, within the 22 blocks identified for the proposed works.
- 6.4.2 The Notices of Intention were served on 26th February 2014, 14 observations were received and was duly replied within the statutory timescales. There were no nominations.
- 6.4.3 The Notices of Estimate were sent out on 12th November 2014 inviting further observations by 17th December 2014.
- 6.4.4 The total cost to leaseholders is estimated at £1,364,484.61. The average cost per leaseholder is £12,075.09, the lowest charge per leaseholder is £2,792.42 and the highest charge is £19,634.14. Leaseholders have up to three years to spread their payments, from the date of the estimate in accordance with the Councils Financial Assistance Package

7 KEY RISKS

- 7.1 The main risks to the scheme are presented in tabular form below together with the corresponding mitigation actions.

	Risk	Impact	Probability	Mitigation	Owner
1	Non delivery of project	High	Medium	Develop project delivery plan, commission consultants and contractor	ALL
2	Quality issues	High	Medium	Set benchmark and monitor at site meetings through Contract	Project Manager

	Risk	Impact	Probability	Mitigation	Owner
				Administrator & Clerk of Works reports. Measure continuous improvements using Key Performance Indicators.	
3	Cost over run	Medium	Low	Rigorous cost planning, early reporting, comprehensive specification, inclusion of contingencies, tender analysis.	Project Manager
4	Time over run	High	Medium	Manage approvals stage. Monitor programme, monthly progress reports & damages.	Project Manager
5	Extended consultation	Medium	Medium	Establish key milestones and communication strategy at outset.	Project Manager
6	Additional work identified	Medium	Medium	Detail and agree scope of works, prioritise core works, use contingency	Project Manager

- 7.2 Some of the work is to the exterior fabric of houses, so there is the risk of delay due to adverse weather. This risk will be mitigated by careful management of the project.

8 IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The Decent Homes programme that will be carried out as part of this project will enhance the quality of the housing stock owned by the Council. All properties will be brought up to a nationally recognised minimum set of standards for facilities and where applicable, energy efficiency. The external fabric improvement of the houses will have a positive impact on the street scene. The Homes improved with this grant funding will assist in meeting the Council's objectives by providing as many residents as possible, over time, with good quality housing.

8.2 Growth and Sustainability

Providing new windows in houses as part of the Decent Homes package will help to reduce heat losses, achieve noise reduction and together with the new heating systems provide overall energy savings. The improvements will have a positive impact on the energy performance of the dwellings. Products specified will be sustainable and energy efficient.

8.3 Strong Communities

The Homes improved and repaired as part of the Decent Homes and Capital Works programmes will assist in meeting the Council's objectives by involving the residents in the decision making process and help them to play an active role in their local neighbourhoods. Works undertaken to improve lighting, security and design out crime will also enhance the sustainability of the neighbourhoods that we are investing in.

9 EQUALITIES IMPACT IMPLICATIONS

Equalities impact assessments have been carried out as part of the procurement packages for all schemes.

10 PERFORMANCE MANAGEMENT IMPLICATIONS

The works will see all dwellings made decent and others prevented from becoming non-decent. The installation of double glazing to houses will also improve energy efficiency within the dwellings, by raising Energy Performance Certificate scores.

11 HEALTH AND SAFETY IMPLICATIONS

11.1 All construction work falls under the Construction (Design & Management) Regulations 2007. A project of this size also qualifies for notification to the Health and Safety Executive and this has been sent to the HSE by the Enfield Homes appointed CDM Coordinator. Health and Safety considerations for this type of project include welfare facilities until the end of the project, various audits, inspections and reviews by both in house and third party professionals. The passage of accurate and specific information is also critical and this will include asbestos survey reports in the form of an asbestos register leading to specific refurbishment surveys, fire risk assessments and any significant design changes.

11.2 A substantial amount of planning involving various agencies goes into the pre-construction phase e.g. the taking over of land which is adequate in both size and location for site offices/welfare facilities. Asbestos surveys will be carried out at an early stage in the contract to avoid delay to the building works.

12 HUMAN RESOURCES IMPLICATIONS

12.1 There are no human resources implications.

13 PUBLIC HEALTH IMPLICATIONS

13.1 Decent Homes schemes seek to modernise council stock, providing structurally sound, thermally efficient and modern homes. The works will provide warmer more fuel efficient homes through installing modern sealed double glazed windows. The Energy Saving Trust estimate that new windows can save between £95 and £223 per year on fuel costs.

13.2 A study by Nottingham City council on the impact of its Decent Homes programme includes some of the benefits, which are:

- An improvement in children's respiratory health
- An improvement in mental health by relieving excess cold and fuel poverty
- Prevent accidents in the home
- Reduce hospital admissions due to falls

- Reduction in burglaries

BACKGROUND PAPERS

