

## MUNICIPAL YEAR 2014/2015

### PORTFOLIO

**DECISION OF: Ahmed 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:
<b>Subject:</b> Post Tender Report for Suffolk Estate Bathroom Pods <b>Wards:</b> Enfield Highway & Southbury	
<b>Cabinet Member consulted:</b> Cabinet Member for Housing and Area Improvements, Ahmet Oyken	

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### 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for acceptance of the tender that represents best value to the Council for bathroom pod replacements 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 No. KD3914
- 1.3. Five Contractors from the approved list were invited to tender on the basis of single stage selective tender. Three tenders were submitted. The tender offering best value 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 tender that represents best value to the Council submitted by Contractor (1), in the sum of £2,725,663 excluding fees.
- 2.3 That approval is given for additional professional fees to the sum of a maximum of £142,000, to administer party wall notices, required under the Party Wall Act 1996, in relation to the proposed works.
- 2.4 That approval is given for professional fees for providing multi-disciplinary services of £65,000 giving a total scheme cost of £2,932,663 over several financial years from 2014/15 to 2017/18.

### **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 works comprise of the demolition and removal of existing bathroom pod extensions at 71 No. properties described and the subsequent installation of new modern bespoke pod extensions, designed to comply with Building Regulations.
- 3.3. The Consultant was appointed through a selective tendering process using the Council's approved list of Consultants (Exor) to procure works from inception to completion. The fee allocation for the scheme is £65,000.
- 3.4. The 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.
- 3.5. An estimated budget of £2,932,663 has been allocated to this scheme as part of the overall funding allocation for 2014-17. 72 properties were identified as requiring works and prioritised from the stock condition database.
- 3.6. Tenders were invited from five companies. Three were returned and two failed to submit tenders. The Council's Contract procedure rules have been complied with in carrying out this tender. The three returned tenders were assessed by the Council's appointed consultants for compliance with the tender requirements, analysed and a recommendation made on price only. A detailed analysis of the tender is contained in Part 2 report.
- 3.7. The tender specification includes works to 72 properties to be made decent or prevented from becoming non-decent. However one property has subsequently been sold under Right to Buy. The scheme will therefore include for works to 71 properties. The final account will be adjusted to reflect this.
- 3.8. Five contractors from the approved Exor list were invited to tender. Details of the tender figures received and summary analysis of the lowest are set out in Part 2.
- 3.9. The nature of these works requires us to serve Party Wall Notices to all properties adjoining or in close proximity of the works. Please refer to Appendix A for explanation and costs associated with this process.

### **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

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 The dwellings identified in this package have been identified from the stock condition survey as requiring replacement of bathroom pods to address the current non-decency.
- 5.2 The works will include removing and disposing of the existing pods, preparation and installation of new pods and connection to exiting services.
- 5.3 This Scheme forms part of Enfield Homes' ongoing programme to maintain its housing stock and fulfil its landlord obligations.

## **6 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES DEPARTMENT**

### **6.1 Financial Implications**

- 6.1.1 The scheme is included within the Housing Capital Programme for 2014/15 with an estimated budget allocation of £ 2,725,000, excluding consultant fees of £65,000 and Party Wall fees of a maximum of £142,000 for works to 71 properties, none of which are leasehold.
- 6.1.2 The cost of consultant fees of £65,000 and Party Wall fees up to a maximum of £142,000 is to be funded from the 2014/15 housing budget allocations. Party Wall fee costs could range between £4,800 to £142,000 depending on the level of consents and whether those who dissent request their own surveyor (See Appendix 1)
- 6.1.3 The tender for this project have been obtained in compliance with the Council's Contract Procedure Rules and was evaluated on price alone. The recommended tender has given a total works value estimated at £2,725,663. Including the multi-disciplinary fees of £65,000 and party wall fees up to a maximum of £142,000, to the recommended tender, the total cost of the proposed is £2,932,663.
- 6.1.4 The works will be delivered in 60 weeks from start on site, with practical completion expected in 2016/17. A breakdown of the estimated cost based on the recommended tender from 2014/15 to 2017/18 is shown in the table below.

<b>Construction Costs &amp; Fees</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18 (Retention)</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Construction costs</b>		<b>2,300,000</b>	<b>359,183</b>	<b>66,480</b>	<b>2,725,663</b>
<b>Consultant Fees</b>	<b>37,867</b>	<b>20,000</b>	<b>5,548</b>	<b>1,585</b>	<b>65,000</b>
<b>Party Wall Consultant Fees</b>		<b>142,000</b>			<b>142,000</b>
<b>Total Scheme costs</b>	<b>37,867</b>	<b>2,462,000</b>	<b>364,731</b>	<b>68,065</b>	<b>2,932,663</b>

6.1.4 A retention amount of £68,065 will be paid after 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. This is based on 2.5% on the total construction costs and consultancy fees. The retention costs will be paid within the financial year 2017/18 as shown in the table above.

## **6.2 Legal Implications**

6.2.1 The Council has the power to make alterations to Council housing in accordance with section 9 of the Housing Act 1985. The Council further has power under Section 111 of the Local Government (Contracts) 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 to 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 legal contracts required in association with this matter must be in a form approved by the Assistant Director of Legal Services.

6.2.5 Engagement of the consultant for the multi-disciplinary services was in accordance with the Council's Contract Procedure Rules, as documented in a previous report, through competitive tendering using the approved list of consultants provided by the Corporate Procurement team (EXOR).

### **6.3 Property Implications**

- 6.3.1** This scheme forms part of the Council's ongoing Decent Home Programme to improve sub-standard housing stock for the benefit of tenants. It will also assist the Council in fulfilling its landlord obligations, and have a positive effect on future property maintenance costs and asset values.

### **6.4 Leaseholder Implications**

- 6.4.1** There are no leaseholder implications.

## **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.

- |  |
|--|
| <ul style="list-style-type: none"><li>• Key: H = High, M = Medium, L = Low</li></ul> |
|--|

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

## 8 IMPACT ON COUNCIL PROPERTIES

**8.1.1 Fairness for all:** The proposed works will enhance the internal fabrics and appearances of the Council's properties and provide better facilities to the residents. The new double glazed windows and Secure by Design doors (SBD) will aid in reducing crime. Undoubtedly, the proposed scheme will assist in meeting the Council's objectives by providing economically successful and socially inclusive communities.

**8.1.2 Growth and Sustainability:** The new double glazed windows will reduce heat loss, achieve noise reduction and together with the new heating systems provide overall energy savings. 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.

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

## **10 PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 The works will benefit 72 properties making them 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 PUBLIC HEALTH IMPLICATIONS**

- 12.1 The Decent Homes Works scheme seeks to modernise council stock by providing structurally sound, thermally efficient and modern residential facilities.
- 12.2 The completed works will provide a warmer, more energy efficient stock through the installation of modern bathroom pod extensions with double glazed windows.
- 12.3 The Energy Saving Trust (EST) estimate that new double glazed windows can save between £95 and £223 a year and hence reducing fuel poverty across the borough's existing stock.
- 12.4 Moreover, condensation is reduced through the installation of mechanical extraction fans to the bathroom pods providing a better environment.

## **BACKGROUND PAPERS**

*None*





## APPENDIX A

The Party Wall Act provides a framework for preventing and resolving disputes in relation to party walls, boundary walls and excavations near neighboring buildings. It came into force in July 1997 and applies throughout England and Wales.

The Act defines an 'Owner' as being either the Freeholder, or, a Tenant with a Lease which has an unexpired term in excess of one year. As such, there may be adjoining Owners who are not immediately identifiable from a Land Registry search, such as Tenants. Enfield Homes would be the Building Owner (the Party initiating the work), and therefore responsible for all reasonable Fees arising from Surveyors appointed under the Act, including any Surveyors appointed to act for the Adjoining Owners.

There are prescribed timescales which apply to the Notices. The process commences with a Notice to the Adjoining Owner to which he has 14 days to respond. During this period the Adjoining Owner may:

1. Consent to the work, which effectively concludes the formal requirements of the Act, although in this situation we recommend that a Schedule of Condition be prepared for the adjoining property to act as a point of reference should allegations of damage arise at a later time.
2. Dissent to the work and appoint the same Surveyor to act in the capacity of Agreed Surveyor. In this case, the Agreed Surveyor would act for both Parties and continue to follow the process through, representing both Owners on an impartial basis.
3. Dissent to the work and appoint a separate Surveyor of their own choosing.
4. Does not respond and a dispute is regarded as arisen.

If the Adjoining Owners fails to respond within the 14 day period, a further 10 Day Notice will be served. If they fail to respond to this notice then the Act enables us to appoint a Surveyor to act for them, but this must be a separate Surveyor, not an Agreed Surveyor.

Where an Agreed Surveyor or two separate Surveyors are appointed, the negotiations would conclude with publication of a formal Party Wall Award which would include a Schedule of Condition as part of the agreement. The actual time required to conclude the Party Wall negotiations can vary, according to individual circumstances, but I would normally recommend that a minimum period of between 6 to 8 weeks be allowed after the initial Notices have been served.

The cost therefore will vary across the properties depending on the responses to the notices and the services required. These are set out below:

- |   |                  |
|---|------------------|
| A. Initial 14 day Notice (described in item 1 above)  | £50/property     |
| B. Notice, Schedule of Conditions, Award, agreed Surveyor (described in item 2 above)                             | £600/property.   |
| C. Notice, Schedule of Conditions, Award, adjoining owner Surveyor also appointed (described in item 3 & 4 above) | £1,250 property. |

Though there are 71 properties requiring works 96 notices have been identified as required.

The best case we could expect is that all 96 consent to the works at a total cost of  $96 \times £50 = £4,800$ .

The worst case would be that all 96 dissented and requested their own surveyor at a cost of  $96 \times £1,250$  to  $£1,480 = £120,000$  to  $£142,080$ . The DAR sets out the fees required in the worst case scenario.

The Consultant Surveyors have since served notices to all properties and responses received to date are as follows:

10 Consented

11 Dissented but agree to use of the one Surveyor.

2 Dissented but requested their own Surveyor.

Therefore we are not likely to reach the £142,000 spend requested in the report, but cannot fully ascertain the costs until all responses have been received and true costs of adjoining surveyors are met. The costs are being monitored on a property by property basis.