

**MUNICIPAL YEAR 2015/2016 REPORT NO.**

**ACTION TO BE TAKEN UNDER  
DELEGATED AUTHORITY**

**PORTFOLIO DECISION OF:**  
Cabinet Member for Housing  
and Housing Regeneration

**REPORT OF:**  
Director – Regeneration &  
Environment

<b>Agenda – Part: 1</b>	<b>KD Num: 4091</b>
<b>Subject:</b> The Renewal of Lifts in Brittany House: Tender Acceptance Report	
<b>Ward: Chase</b>	

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**1 EXECUTIVE SUMMARY**

This report seeks approval to accept the recommended tender for the renewal of the life-expired lifts in Brittany House. This is a Key Decision of the Council and is on the Key Decisions List reference KD4091.

**2 RECOMMENDATIONS**

- 2.1 That approval be given to accept a tender and award the contract as per the published criteria to Contractor A in the sum of £306,063.00 as detailed in the part two report.
- 2.2 That it be noted that professional fees for this project will be incurred in the sum of £7,651.58 giving a total project cost of £313,714.58.

**3 BACKGROUND**

- 3.1 Enfield Homes manages a Lifts Renewal Programme within the Landlord Obligations Works Capital Programme. This project represents the next phase of lifts within this programme.
- 3.2 In 2011 the Frankham Consultancy Group were appointed as the Council's consultants for the lift renewal programme. Lifts are prioritised for inclusion in the programme on a worst first basis, having regard to factors including age, reliability and the availability of spare parts, which affects the length of time required to deal with lift breakdowns. The lifts at Brittany House have recently suffered a relatively high number of breakdowns owing to their age

and condition. This together with acknowledgement of the fact that Brittany House is a sheltered block led to these lifts being prioritised for renewal.

- 3.3 There are 89 properties in the block, none of which are leased:

<b>Block</b>	<b>Tenants</b>	<b>Leaseholders</b>	<b>Total</b>
Brittany House	89	0	89

- 3.4 Tenders were invited from six companies. Five tenders were returned and passed to the Council's consultants for analysis and recommendation based on price alone. An analysis of the tenders is contained in the Part Two report.
- 3.5 It is planned to commence the works following the completion of a kitchen and bathroom upgrade project in autumn 2015.

#### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative options considered for this project were:

- (a) Do nothing
- (b) Repair the lifts
- (c) Renew the lifts and equipment except for the guide rails (chosen option)
- (d) Completely renew the lifts, equipment and guide rails
- (e) Procure the works by alternative means

- 4.2 Brittany House is a sheltered high rise block of 12 storeys. A reliable lift service is vital to ensure an acceptable quality of life for many residents who otherwise may not be able to leave their homes. The lifts are old and are beyond economic repair. There is an increasing frequency of breakdowns and the unavailability of many spare parts can result in extended periods of breakdown. Renewal is essential to ensure that the lift service remains reliable. Therefore the option of doing nothing and the repair option have both been discounted.

- 4.3 The alternative option of complete renewal including the replacement of guide rails would not extend the 20-year design life of the lifts. This option was not pursued because it would entail unnecessary work, causing additional disruption to residents and deliver poor value for money for the Council.

- 4.4 As regards alternative methods of procurement, an assessment was made of any sub-regional, regional or national opportunities available at the time and no such opportunities were identified. The nature of these types of short duration contracts deters local authorities from building in access agreements or call-off arrangements for other local authorities, mainly due to the work involved in setting them up and in administering the call-off process.

## 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.

## 6. COMMENTS OF THE DIRECTOR OF FINANCE RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

### 6.1 Financial Implications

- 6.1.1 The tenders for this project were evaluated on the basis of the published criteria on lowest price.
- 6.1.2 The total cost of this project including fees is £313,715 (£306,063 for works, £7,652 for fees). This is comparable to the pre-tender estimate for works of £328,000 including fees, being £14,285 or approximately 4.4% below the pre-tender estimate. The contract duration is 42 working weeks and the project is expected to be completed in 2016/17. The table below provides information on the cost profile:

<b>Works / Fees</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Works	250,000	56,063	306,063
Fees	6,000	1,652	7,652
Total Costs	256,000	57,715	313,715

- 6.1.3 The scheme is included within the Housing Capital Programme for 2015/16. The cost of this work will be funded from the HRA capital resources.
- 6.1.4 The project will affect all 89 properties in Brittany House, all of which are tenanted.
- 6.1.5 Unlike many major works projects, there is no retention in this contract and preceding lift renewal contracts in this programme. Instead there is a retention payment bond. This means that interim payments and payments at completion are made without any deduction for retention, so the full value of the works will be paid at or soon after completion of the works. The ensuing defects liability period will be covered by the retention bond.

### 6.2 Legal Implications

- 6.2.1 The Council has the power to provide housing and to improve or repair it (section 9 of the Housing Act 1985). The provision of lifts is incidental to the housing provided (section 111 Local Government Act 1972). The Council is empowered to enter into contracts for the discharge of its legal powers (section 1 Local Government (Contracts) Act 1997). Pursuant to these

powers the Council can enter into the contract for the maintenance of the lifts.

6.2.2 The contract with Contractor A must be in a form approved by the Assistant Director of Legal Services.

6.2.3 The client has confirmed that the engagement of the Consultant was in accordance with the Council's Contract Procedure Rules, as documented in a previous report.

### 6.3 Property Implications

6.3.1 The obligation to maintain lifts in a proper safe condition is an important Corporate Landlord duty upon the Council. This includes their replacement when they become beyond practical or economic repair.

6.3.2 The provision of reliable lifts to Council housing stock in high rise towers is a component of the asset valuations.

### 6.4 Leaseholder Implications

6.4.1 There are no leaseholder implications as none of the flats in the block are leased.

## 7 KEY RISKS

The main risks to the scheme are presented below together with the corresponding mitigation actions.

Item	Risk	Impact	Probability	Mitigation	Owner
1	Non delivery of project	High	Medium	Develop project delivery plan, commission consultants and contractor early	ALL
2	Quality issues	High	Medium	Set a benchmark and monitor at site meetings through CA & CoW reports. Measure continuous improvements using KPIs.	Project Manager
3	Cost over run	Medium	Low	Rigorous cost planning, early reporting, comprehensive specification, inclusion of contingencies,	Project Manager

				tender analysis.	
4	Time over run	High	Medium	Manage approvals stage. Monitor programme, monthly reports and damages.	Project Manager
5	Additional work identified	Medium	Medium	Detail and agree scope of works, prioritise core works, use contingency	Project Manager

## **8 IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

This project will contribute positively to the Council's priority of Fairness for All. The lifts have been selected for renewal on the basis of priority and the new lifts have been designed to better meet the needs of physically disabled users as far as the limitations imposed by the existing buildings reasonably allow. The new lifts will also be more reliable, better lit and will include automatic two-way communication with the callout service in the event of lift failure. This will benefit all residents of the flats, particularly disabled residents, parents with young children and the elderly. This will contribute towards residents' quality of life by ensuring they have a reliable means of entering and leaving their homes to allow them to participate in social and other activities.

### **8.2 Growth and Sustainability**

The lift renewal works will assist in making the blocks more attractive to potential tenants and will help to instil a sense of pride in existing tenants and foster community co-operation through resident involvement in the various schemes. Improving the standard of housing stock enhances the sustainability of the area and promotes social cohesion.

### **8.3 Strong Communities**

The project will contribute to strong communities by ensuring that residents are able to fully participate in the activities of the wider community.

## **9 PERFORMANCE MANAGEMENT IMPLICATIONS**

The project is expected to have a positive impact on resident satisfaction performance indicators through the improved quality of the lift installations and the improved level of lift service.

## **10 HEALTH AND SAFETY IMPLICATIONS**

- 10.1 All construction work falls under the Construction (Design & Management) Regulations 2015. 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 Council's 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.
- 10.2 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 before the planned start date for the works, to avoid delay to the commencement of building works.

## **11 EQUALITIES IMPACT IMPLICATIONS**

It is not judged to be relevant and proportionate to carry out an equality impact assessment/analysis for this proposal as it refers to the direct replacement of an existing facility within existing limitations.

## **12 PUBLIC HEALTH IMPLICATIONS**

The new lifts will be more energy efficient and reliable than the existing lifts, and will offer a smoother and more pleasant ride, all of which will have a direct bearing on health and wellbeing. Unlike the existing lifts, the new lifts will be provided with a direct two-way intercom link with a call centre in the event of a breakdown resulting in a person or persons being trapped. This will enable trapped persons to be reassured and kept advised on the action being taken to release them. They will also benefit from the more stringent safety standards that apply to new lifts.

### **Background Papers**

Contain exempt information.

**MUNICIPAL YEAR 2015/2016 REPORT NO.**

**ACTION TO BE TAKEN UNDER  
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**PORTFOLIO DECISION OF:**

Cllr Ahmet Oykener, Cabinet Member  
for Housing & Housing Regeneration

**REPORT OF:**

Director – Regeneration &  
Environment

<b>Agenda – Part: 1</b>	<b>KD Number: 3941</b>
<b>Subject: Additional funding report for Decent Homes Works to Klinger Estate External Enveloping Scheme.</b>	
<b>Wards: Haselbury</b>	

Contact officer and telephone number: Paul Hemmant – 020 8375 8273.

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**1. EXECUTIVE SUMMARY**

- 1.1. This report seeks approval for additional funding for the completion of External Envelope and Communal Upgrade works comprising the renewal of roof coverings, replacement of windows & doors, electrical and mechanical upgrade to Landlord supplies and extensive upgrade and redecoration to communal areas to 11 blocks forming the Klinger Estate, as part of the Council's Decent Home Programme.
- 1.2. The additional cost is due to both unforeseen variations and elements necessary to complete works to the blocks.
- 1.3. This scheme is on the key decision list reference number KD 3941.

**2. RECOMMENDATIONS**

- 2.1. That approval is given to additional funding as defined in Part Two of this report
- 2.2. To note that the agreement between LBE and The appointed Contractor and consultant is varied to increase the scope of the contract pursuant to Part Two of this report.

**3. BACKGROUND**

- 3.1. The scheme is part of Enfield's Decent Homes Programme, which is a Government led initiative to ensure that all social housing meets set standards of decency by 2014.
- 3.2. The design consultants for the project were appointed through a selective process using EXOR to procure works from inception to completion
- 3.3. 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. The scheme was also consulted on, via the Community Housing Partnerships.
- 3.4. The scheme was tendered to six tenderers from EXOR. Six tenderers responded and the contractor offering best value, was appointed.
- 3.5. The contract started on site on 9th September 2013 and achieved Practical Completion on 6th June 2014. Thereafter the Consultants have been assessing the cost of works in an endeavour to agree the final account with the Contractor. This has unfortunately taken longer than we would have hoped. The Contract remains live until the remedial works identified at the end of the 12 months defects period have been completed to the satisfaction of the appointed consultant and issue of the certificate of making good defects and Final Payment Certificate.
- 3.6. During the course of the project, several significant variations to the contract were necessary as a result of both unforeseen variations and instructions required in order to fully meet obligations to implement the Decent Homes initiative. The deferral or omission of the additional works would prevent the properties from being made satisfactorily Decent.
- 3.7. The variations to which the significant majority of the over expenditure can be attributed to, are detailed and fully itemised in Part Two of this report.
- 3.8. The overspend was reported to the programme manager and finance at the time this became evident.
- 3.9. These works were instructed by the consultant and completed within the contract period during the construction phase of the works. Authorisation to increase the SRM value to enable payment to the contractor was approved by the Director of Property Services and contained within the block allocation.
- 3.10. This project is covered by a key decision, KD3941.



#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The deferral or omission of the remaining additional identified works would prevent the properties from being made decent and would not have been viable or cost effective to undertake these works at a later date

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 To facilitate payment to the contractor for the additional works.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

- 6.1.1 The increase cost of works and fees are outlined and detailed in Part Two of this report.
- 6.1.2 The additional costs incurred are contained within the block allocation and therefore this recommendation falls within the remit of Part 4, Chapter 4.8 of the financial Regulations as a Portfolio Decision of the Director of Regeneration & Environment.
- 6.1.3 The increase in cost is contained in the resource allocation for the Housing Capital Programme in 2014/15 of £36.9m

##### **6.2 Legal Implications**

- 6.2.1 The Council has a general housing power to alter, repair or improve its housing accommodation as set out at section 9 of the Housing Act 1985.
- 6.2.2 The procurement of any goods/works/services must be procured in accordance with the Council's Constitution, in particular the Contract Procedure Rules to ensure value for money in accordance with the Local Government Act 1999, as clearly stipulated in the grant agreement with the GLA.
- 6.2.3 The value of the contract (including the additional payments) falls below the threshold applicable to the Public Contracts Regulations 2006 and 2015.

6.2.4 The Council must comply with the Best Value principles under the Local Government Act 1999, and therefore should be certain that this offers better value for money than seeking further competitive tenders for the additional works.

6.2.7 The relevant Enfield Homes Officer has confirmed that the contract was varied in accordance with the provisions of the contract.

6.2.8 Any variation of the consultancy agreement with Ingleton Wood LLP is to be in accordance with the terms and conditions of the existing consultancy agreement and in accordance with both the Contract Procedure Rules and the Public Contract Regulations 2006.

### **6.3 Property Implications**

6.3.1 No property implications.

### **6.4 Leaseholder Implications**

6.4.1 Variation from an accepted tender during statutory consultation increases the risk of legal challenge and non-compliance with statutory legislation.

Justification and decision making for variations from the original specification and tender price need to be robustly evidenced to reduce the risk of non-recovery if challenged.

Leaseholder satisfaction typically reduces when there are increases in cost and assurances will need to be given on the controls in place to address this.

Increases in the final outturn costs for leaseholders are 5% over the pre-existing 10% contingency figure although these equate to less than £200 for the majority of leaseholders.

## **7. Key Risks**

7.1 This is addressed in Legal Implication at point 6.2.5 of this report (above).

## **8 IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The Decent Homes Programme is about providing structurally sound, thermally efficient homes with modern facilities to all of Enfield's tenants. The properties requiring works are selected on the basis of need so that resources can be targeted to ensure all Enfield housing stock meet the requirements of the Government's Decent Homes standard.

## **8.2 Growth and Sustainability**

Properties in the scheme become more attractive to potential tenants, instil a sense of pride in existing tenants and foster community co-operation through resident involvement in the various schemes. Improving the standard of housing stock enhances the sustainability of the area and promotes social cohesion.

## **8.3 Strong Communities**

Improvements to housing stock increases satisfaction among tenants with their current housing situation. This increases a sense of rootedness which can foster a community spirit. The process includes a degree of resident involvement which again fosters a community spirit.

## **9 Equalities Impact Assessment**

- 9.1 It was not deemed relevant or proportionate to carry out an equality impact assessment/analysis for the approval of the tender that represented best value to the council for these types of works as part of the Council's Decent Homes Programme.

## **10 Performance Management Implications**

- 10.1 The works included in this contract are to the external envelope of 11 blocks of flats/maisonettes. As a result of these works 300 properties will be made decent. The installation of new roof coverings/roof insulation and double glazing will also improve energy efficiency within the dwellings, by raising Energy Performance Scores.

## **11 Health and Safety**

- 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 Enfield Homes appointed CDM Coordinator.
- 11.2 Health and Safety considerations for this type of project include temporary accommodation including welfare facilities, generally co-located, until the end of the project, various audits, inspections and reviews by both in house and third party professionals.
- 11.3 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.

- 11.4 The additional works were carried out under the original contract and complied with the procedure outlined in 10.1 above.

## **12. HR IMPLICATIONS**

### **12.1 Not Applicable**

## **13. Public Health Implications**

- 13.1 Decent Homes schemes seek to modernise council stock, providing structurally sound, thermally efficient and modern facilities. The completed works provides a warmer more fuel efficient home through installing modern fuel efficient boilers and the installation of double glazed windows. The Energy Saving Trust estimate new windows can save between £95-£223 a year on fuel costs.
- 13.2 Condensation is reduced through the installation of mechanical extraction fans and modern kitchen facilities provide an environment better suited to food storage and preparation and the promotion of healthy lifestyles.
- 13.3 A study by Nottingham City council on the impact of it's Decent Homes programme includes some of the benefits, which include:
- 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**

NONE