

## MUNICIPAL YEAR 2019/2020 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Executive Director Place  
Sarah Cary

Agenda – Part: 1

KD Num: 4922

**Subject: Report for Wallbrook House  
Construction Management Services**

**Ward: Lower Edmonton**

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## 1. EXECUTIVE SUMMARY

- 1.1 This project was identified as part of the Better Council Homes Workplan and Budgets 2019/20 (KD 4830) which was approved by Cabinet on 13 February 2019.
- 1.2 The project is included in the 30-year HRA Business Plan, which was detailed in Housing Revenue Account (HRA) Business Plan Budget 2019/20, Rent Setting and Service Charges report (KD 5008) and was approved by Cabinet and Council in February 2020.
- 1.3 Enfield Council is *reviewing the management strategy* and developing new standards for High Rise Blocks *with a focus* on safety, maintenance, management including *potential* installation of sprinkler systems. With the aim of establishing emergency standards and works that will *subsequently* set the budget and approach for future safety works.
- 1.4 This report proposes the direct award of a contract through Bloom Procurement Services to administer delivery of professional services through the NEPRO<sup>3</sup> Framework. The proposed award to be made for provision of Construction Management Services to develop design solutions to RIBA Stage 3 for refurbishment works at Wallbrook House.

## 2. RECOMMENDATIONS

- 2.1 That approval be given to award a Contract for provision of Construction Management Services RIBA Stages 0 to 3 (Concept to Developed Design) for refurbishment works at Wallbrook House.
- 2.2 See Part 2 report.

### **3 Background**

- 3.1 Walbrook House is a 22 storey high rise residential block of a concrete framed built construction. At ground floor it includes a nursery and a concierge service, serving the flats above.
- 3.2 Enfield Council commissioned an assessment of the existing cladding system at Walbrook House which determined that the system did not provide suitable protection against the spread of fire. The urgent removal of the cladding and insulation was instructed which was completed in April 2019 on behalf of the Council.
- 3.3 The impact of these emergency works has left the original building fabric exposed to inclement weather, at risk of damage both externally and internally and residents facing higher heating costs. There is therefore an urgency to develop a design solution for Walbrook House that will provide protection to the fabric of the building and regain thermal efficiencies.

As part of the assessment Enfield Council identified a number of essential Fire Safety works and the need for wider environmental improvements like heating and ventilation. It is recommended all works are considered for inclusion under one contract in the refurbishment of the block. The works required are extensive and co-ordinating the new cladding, Fire Safety works and environmental improvements will achieve the best design solution, allow for better planning and risk management and minimise the impact to residents of an otherwise piecemeal approach.

The scope of works under consideration are broadly as follows:

- New Cladding and associated windows and glazing solutions
- Identify and address any building structural failures
- Review Ventilation Strategy
- Installation of Ground Source Heat Pump (subject to feasibility & review)
- Existing Gas Service to be removed
- Upgrade IRS System
- Replace Internal SVPs (which will include at least partial replacement of kitchens and bathrooms)
- Renew Fire Stopping within residential units, communal areas, new aperture over riser cupboard doors
- New Fire Door Installation to Flat entry doors, communal areas, landlord service access doors
- New External Landscaping
- New signage and wayfinding
- Fire Alarm
- Sprinkler Installation

## **4 ALTERNATIVE OPTIONS CONSIDERED**

4.1 There are several approaches to procuring works of this nature which are available to the Council.

- A. General Contracting (Traditional Method): Involves procuring the design team to fully design a solution and procuring a Contractor separately to deliver the works.
- B. Design and Build: Involves procuring Consultants/designers to provide the employers requirements and/ or develop a design solution to concept/planning stage. And procuring a Contractor thereafter to complete the solution, fully design the works and carry out the works on site.
- C. Construction Management – Involves procuring a Company to manage the process from design to construction/ delivery of the works on site. This includes appointing specialist companies to deliver pre and post contract activities i.e. The design team and contractors.

4.2 The pros and cons of each Procurement Method were considered and summarized below:

### Option A (Traditional)

The design will be fully completed, and the Client has a clearer vision of the end product and control of the design throughout. Contractors will be pricing a fully designed scheme giving the Client more cost certainty with a fixed price tender. The disadvantage of this procurement method is largely around time in preparing the detailed design and information to tender. Its success is also dependent on the quality of the design information and any changes during construction could lead to increased costs and programme delays.

Considering the risks and experience of the Council in delivering these types of work through this route we are not recommending this option for Wallbrook House.

### Option B (Design & Build)

This method is a fast track approach in delivering works from detailed design to construction on site with a single point of contact. More often the Contractors will dictate a fixed cost or guaranteed maximum price that offers cost certainty to the Client. All design responsibilities and solutions to deliver the Clients requirements lie with the Contractors team. This often offers the cheapest solution. However potential disadvantages in this approach are; the Contractor may in an attempt to cut costs, compromise the quality of the works and design changes by the Client may incur large penalties from the contractor both in terms of financial and time.

This approach is generally effective for New Build projects where the integration of different design elements is not dependent upon the existing building structure and design is relatively straightforward. The transfer of this risk to the Contractor in refurbishment projects carries a high degree of risk

that should be reflected in the prices received. However, recent experience suggests that the competitive tendering process tends to erode this premium and Contractors attempt to maintain margin by 'value engineering' works on site and taking shortcuts.

Considering the risks and experience of the Council in delivering these types of work through this route we are not recommending this option for Wallbrook House.

#### Option C (Construction Management)

This option is not typically adopted within the Social Housing Sector although it is frequently adopted in the private sector and is the route used for a large number of high-profile projects.

In this approach a Construction Manager is appointed to manage the delivery of the design and construction works through a number of 'packages' broken down by the elements of work. The 'packages' are tendered separately and each Trade Contractor (or Designer) enters directly into Contract with the Council. This route means the Client is involved in the procurement of the individual packages and maintains direct contact throughout the design and delivery of each. In addition depending on the interdependency of the work packages some works could commence earlier than others, so an earlier start on site could be achieved whilst other design elements are being finalised. This approach is the most time intensive and would require an experienced Construction Manager to co-ordinate and manage the packages to ensure its success on site.

Whilst Construction Management allows for earlier commencement it has not been tested in the Social Housing context . The impact on residents of delivering packages at different times will need to be considered and managed by the client.

Notwithstanding these risks, the early start on site and the other benefits are considerable and lead us to recommend this approach is adopted for delivering the necessary works to Wallbrook House.

- 4.3 The anticipated fees for a Construction Manager are expected to exceed the EU Procurement threshold for supply and services contracts currently at £189,330. The procurement options available for consideration are:
- i. Use of a suitable OJEU Compliant Framework via direct award or mini competition.
  - ii. Tendering through OJEU either using the open or restricted process.
- 4.3 Frameworks offer the most expedient route to market available, whilst remaining compliant with the Public Contract Regulations 2015. Suppliers on the framework are assessed for suitability prior to joining the framework with pre-agreed terms and conditions. Standard documentation is available but can be amended to include specific requirements by the client.
- 4.5 Tendering through OJEU allows clients to create bespoke documentation designed to fit its requirements. This approach gives tender opportunity to a wider group of bidders but requires a long time from document preparation to tender receipts.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The time taken to fully identify the scope of the works required and the inherent complexity of the required works has led to an extended period of undesirable living conditions for the residents. It is important that works commence at the earliest opportunity to address the condition of the building and the residents living conditions.
- 5.2 The proposed design solutions are complex and involve multiple interfaces between different design elements and trades. The appointment of a specialist Construction Manager to manage the design process will ensure designs are effectively co—ordinated and managed to minimise disruption during delivery of the works on site.
- 5.3 See Part 2 report

## **6 COMMENTS FROM OTHER DEPARTMENTS**

### **6.1 Financial Implications**

A fire safety budget was approved as part of the rent setting report in February 2020 and these costs are included in the HRA 30-year business plan.

### **6.2 Legal Implications**

- 6.2.1 Section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The matters outlined in this report are incidental to the functions of the Council's departments and are intended to help ensure an effective service.
- 6.2.2 The Council also has a general power of competence in section 1(1) of the Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation.
- 6.2.3 The services which the Council wishes to procure are above the threshold currently (£189,330) where an EU procurement is required under the Public Contracts Regulations 2015 (PCR 2015). Use of a legally compliant framework agreement where the Council is identified as a Contracting Authority able to use the framework is permitted under Reg 33 of PCR 2015. Any award must be in compliance with the process set out in the Framework Agreement.

- 6.2.4 Additionally, the Council's Constitution, in particular the Contract Procedure Rules ("CPRs") permit the Council to procure services from an existing legally compliant framework.
- 6.2.5 The Council's Corporate Procurement Service should conduct due diligence on the use of the Framework Agreement and must be satisfied that the Council may procure these services in accordance with the Framework Agreement. The Call Off Contract must be undertaken strictly in accordance with the terms of the Framework Agreement.
- 6.2.6 The Council must comply with the obligations relating to obtaining best value under the Local Government Act 1999.
- 6.2.7 As the Call Off Contract's value is over £250,000 this is a Key Decision and the Key Decision procedure must be followed (see CPR 1.22.4)
- 6.2.8 The Director has power to approve the award of the contract under CPR 1.22. (Authority Award)

### **6.3 Property Implications**

There are no property implications in connection with this report.

### **6.4 Procurement Implications**

A review of known suitable works framework agreements was undertaken by the Service to identify available agreements to the Council, critiquing each option to narrow down those that can be considered, considering delivery timescales.

Due diligence and approval of the Bloom Framework Agreement, the preferred agreement, was undertaken by the Procurement & Commissioning Hub prior to any procurement.

The Call-Off from the Framework must be carried out in line with the relevant framework process and all retained documentation must be uploaded onto the Council's E-Tendering Portal.

As the contract is over £250k the service must ensure that sufficient security has been considered.

The award of the contract, including evidence of authority to award, promoting to the Council's Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

## 6.5 Performance Implications

Project specific performance measures (KPI's) will be incorporated into the contract to track progress, satisfaction, quality and financial performance. These will be monitored at monthly progress meetings.

## 7 KEY RISKS

The table below highlights risks identified and mitigating actions taken.

Risk	Mitigating action	Residual risk High / Medium or Low
Necessary procurement skills for the project	The proposed Construction Management Company Group are highly experienced with extensive procurement skills.  The Council's Project Manager has significant procurement experience.  Procurement support provided by Framework provider (Bloom)	Low
Supplier has necessary skills and qualifications	Suppliers undertook a rigorous pre-qualification process when joining the framework  Poor performance will be mitigated by limiting the service to RIBA Stage 3 and approval of fees to £384,200.	Low
Compliance with Public Contracts Regulations 2015	Contract to be procured via established OJEU compliant framework with support from the framework providers who ensure compliance with the framework rules and Public Contract Regulations 2015	Low
Contractual issues	The Council's requirements will be built into the bespoke contract and tender documentation for Trade Contractors/Consultants	Med
Supplier performance	Clearly defined key performance indicators (KPI's) will be included in the contract,	Medium

	Structured and regular meetings to be held with the Councils Project Manager to monitor programme and performance.	
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## **8 INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION**

The Major Works Team has sufficient and suitably experienced management resources for the administration of this contract.

Experienced Resident Liaison Officers within the team will help deliver effective consultation with residents and stakeholders affected by the proposed works. Proposed methods of communication include meetings, open days, letters, notices within communal areas and 1 to 1 meetings with residents in their home where required. The Client RLO will oversee the contractors RLO to ensure information to residents is accurate and issues are resolved quickly and effectively during the works

## **9 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD.**

### **9.1 Good homes in well-connected neighbourhood**

The programme will improve the quality of existing homes creating thriving neighbourhoods and places

### **9.2 Sustain strong and healthy communities**

Developing and sustaining good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities.

### **9.3 Build our local economy to create a thriving place**

Support residents to take more responsibility to increase the local economy and improve their communities by more active engagement in project delivery.

## **10 EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report, however it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **11. PERFORMANCE AND DATA IMPLICATIONS**



Project specific performance measures (KPI's) will be incorporated into the contract to track progress, satisfaction, quality and financial performance. These will be monitored at regular progress meetings.

## **12 HEALTH AND SAFETY IMPLICATIONS**

The proposed works will be notifiable under CDM and appropriate appointments will be made at the relevant times.

The proposed fire safety works are supported as a means of tackling various fire safety concerns that have been raised in Fire Risk Assessments completed on the blocks in recent years. The safety benefits and learning experiences from the project will be valuable and shared with the London Fire Brigade to continue our good working relationship.

## **13 PUBLIC HEALTH IMPLICATIONS**

The work will contribute towards reducing heating bills, sustaining tenancies, reducing fuel poverty and improving the environment for the residents of the block.