



London Borough of Enfield

Title of Report:	Operational KD Report for the Award of the Houses External Boroughwide Scheme – North and South
Report to:	Executive Director Housing Regeneration Development: Sarah Cary
Date of Report:	06 th April 2023
Directors:	Executive Director Housing Regeneration Development: Sarah Cary Director of Housing and Regeneration: Joanne Drew
Report Author:	Acting Investment and Resident Safety Director: Paul O'Donnell
Ward(s) affected:	Borough-wide/All
Key Decision Number	KD5620
Implementation date, if not called in:	30 th May 2023
Classification:	Part I Public

Purpose of Report

1. To obtain approval to award two contracts for the Houses External Boroughwide Scheme – North and South.

Recommendations

- I. That approval be given to award and enter into a one year contract, with an option to extend the contract term by up to 12 months, solely at the council's discretion, with "Breyer Group" for Houses External Boroughwide Scheme North and "Lura Construction" for Houses External Boroughwide Scheme South for the contract price detailed in the confidential appendix.
- II. That approval be given for the contingency sum detailed in the confidential appendix. The total project cost, and 1.4% staff costs will be £7,098.000.00.

Background and Options

2. The HRA Capital Programme 23-24 is focused on the investment in our housing stock to ensure it meets decency standards. Improvements to roofing and rainwater goods, such as guttering and downpipes has been identified as a key workstream to improve decency and reduce the risk of damp due to leaks.
3. This scheme focuses on the replacement and repair of roofing and rainwater goods to Houses with provisions for energy efficiency improvements.
4. The project does not include leasehold properties, and the section 20 process does not apply.
5. Tenders were issued via the London Tenders Portal (LTP), Project Information Ref - DN653640, to five contractors with a proven track record of delivery in this area. All five contractors returned a tender.
6. The tenders were evaluated based on a quality/cost split of 55/45.
7. The scope of works includes:
 - a. Surveys and designs
 - b. Replacement or refurbishment of roofing and rainwater goods of the house
 - c. Additional ancillary works required
 - d. Provision for energy improvement works including external wall insulation, solar panels and loft insulation.
8. This scope does not include the replacement of windows and doors as these will be delivered under a separate package of works due to the difference in the scale of the works required.
9. The form of contract will be JCT Measured Term Contract (MTC) 2016.

Preferred Option and Reasons for Preferred Option

10. Consideration was given to delivering all works via a single contract, however due to the volume of works required it was considered that the award of two contracts would reduce risks around possible future labour shortages, supply chain performance and the impact of non-delivery.

11. In terms of procurement options there were two main routes for consideration:
 - a) Use of a suitable consortia framework agreement, with appointment via direct award or mini tender.
 - b) Unilateral tendering of a bespoke contract utilising either the open or restricted process.
 - c) Tendering of two contracts (JCT MTC 2016) to invited bidders with a proven tracker record, in line with the councils CPRs.
12. Using a framework can save time and money, while still delivering a service specified to local requirements. Under this route contractors are assessed for suitability prior to joining the framework and have signed up to pre-agreed terms and conditions. Standard documentation is also provided as well as support from the framework itself. However, this option was discounted as the volume of these works would attract a large framework levy cost and the contract is for relatively low complexity works where a framework contract would not reduce risk.
13. Unilateral tendering utilising either the open or restricted process opens the opportunity to tender to a wider group of bidders, however, is more costly and time consuming than inviting known bidders.
14. Tendering two contracts and using standard JCT contracts is the preferred approach as this allows the selection of a group of bidders with a known track record and allows procurement timescales and resources to be reduced.

Relevance to Council Plans and Strategies

15. The contract will support the following objectives from the Council Plan:
 - a. **More and better homes:** the programme will improve the quality and safety of existing homes and therefore positively impact on the wellbeing and quality of life for our residents.
 - b. **Sustain healthy and safe communities:** improving the existing homes where people desire to live will help to create and maintain healthy and confident communities.
 - c. **An economy that works for everyone:** ensuring residents can fully participate in activities within their neighbourhood.

Financial Implications

(Legal implications provided by Head of Finance – HRA Claire Eldred on 02.05.23 based on a report circulated on 06 April 2023 16:35).

Summary

16. This report is requesting for approval to award the Houses External Boroughwide Scheme (North and South) and to enter into a works contract with Lura Construction for the South and Breyer Group for the North.
17. To approve a total estimated project budget of £7.98m which includes contract sum £7m (£3.5m per contract), and 1.4% staff costs.

Capital budget impact

18. As part of the approved capital programme agreed at Council in February 2023, a budget of £24.1m was allocated for Decency. The External Boroughwide scheme is included within this approved budget.
19. The table below shows the breakdown of the costs and how the project will be funded:

Capital C300612	Capital Budget
<i>Expenditure:</i>	£m
Contract Sum	7.00
1.4% Staff Costs	0.98
Total project cost	7.98
<i>Funded by:</i>	
Major repairs reserve	7.98
Total funding	7.98

20. The budget request included within this report will be funded from the HRA Major Repairs Reserve (current balance £12m) and will not impact the borrowing requirement. The costs are included within the HRA 30-year Business Plan.
21. The consultancy fees have not been agreed and will be approved at a later stage. The works will be delivered over the next two financial years.
22. A financial assessment has been completed on both contractors. Breyer Group and Lura Construction both met the financial criteria, and the contractors will be monitored on the Equifax credit software. The Equifax report for Lura Construction has highlighted that the contractor has sufficient stability to undertake contracts up to £2m, and this contract is for £3.5m. A performance bond for 10% of the annual contract value will be in place with a 5% retention allowance. The contractors will be paid for completed work in arrears.

Revenue budget impact

23. There will be no impact on the revenue budget.

Borrowing impact

24. There will be no borrowing requirements for this project as the project is fully funded from the Major Repairs Reserve and leaseholders

Risks

25. This contract is based on a maximum value of works of £3.5m, works are instructed based on the number of properties that require the works, this enables the contract to be flexible.

Legal Implications

(Legal implications provided by Senol Mustafa (Project Lead Lawyer – Contracts) on 140423 based on a report circulated on 06 April 2023 16:35)

26. The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles. This power encompasses the power to enter into contracts. In addition, section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
27. The proposals set out in this report represents a key decision and so all procedures for the taking of key decisions must be observed in accordance with Enfield Council's Constitution.
28. There are two contracts proposed to be awarded and each individual contract value is below the financial threshold for the full application of the Public Contracts Regulations 2015 (PCR 2015). As such the council is required to observe their own Contract Procedure Rules (CPRs) for the award of these contracts rather than the PCR 2015. For contracts above £500,000 but below the financial threshold the CPRs require a minimum of 5 quotes to be received and where possible two of the quotes should be from local suppliers.
29. CPR 7.2 provides that for contracts of £1,000,000 and over the Supplier must be required to provide sufficient security. CPR 7.3 sets out what form sufficient security can take, and these include Parent company Guarantees and Performance Bonds.
30. The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.

Equalities Implications

31. An Equality Impact Assessment has been undertaken and appended to this report.
32. The works will be delivered boroughwide to various social housing houses and will benefit residents irrespective of the protected characteristics of the residents.
33. People with disabilities will be profiled by the Contractors Resident Liaison Officer (RLO) and necessary adaptations will be made where required.
34. Development of disabilities following the completion of the works and any required adaptations will be managed under the council's existing aids and adaptations referrals process. The terms and conditions of the contract will require adherence with the Equalities Act and contractors will be required to share their Equality Diversity and Inclusion policy to assure the council of their recruitment policies.

35. Engagement with residents will be undertaken by the Contractor in accordance with their processes for resident engagement and liaison which were evaluated as part of their tender submission which will be adapted according to the profile of the resident e.g. vulnerability, language spoken.

Environmental and Climate Change Implications

36. The Contractors' offer includes several environmental commitments that will be delivered to the Council including related to waste management, recycling and carbon reduction. Contractors will use local suppliers where possible to minimise the carbon footprint of deliveries.

Public Health Implications

37. The works will improve the living conditions of those residents that receive works. This aligns with the provisions of the Enfield Joint Health and Wellbeing Strategy, which refers to the importance of housing quality as a determinant of health.
38. The contractors will be completing works in-line with the government's Covid Secure and CLC guidelines. They are required to provide a detailed method statement and risk assessment for each activity and the Council, and its advisors will review and comment on these prior to the commencement of works.

Safeguarding Implications

39. The works will require Contractors to enter resident's homes and therefore the Contract Documents require Disclosure & Barring Services (DBS) and adherence with the Council's Safeguarding Policy.
40. In addition to the above the Contractor is required to provide a dedicated Resident Liaison Officer (RLO) whose role is to ensure that residents needs are reflected in the processes adopted by the Contractors. Evaluation of the Contractors offer in this area are a component of the qualitative evaluation.

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Appendices: Appendix 1: Restricted Appendix
Appendix 2: Equality Impact Assessment

Background Papers

The following documents have been relied on in the preparation of this report:

- Houses External Tender Award Report produced by the Enfield Commercial and Procurement Manager