



Notice of Non-key Executive Decision

Subject Heading:	Warminster House underpinning and balcony repair project – award of contract
Cabinet Member:	<i>Councillor Joshua Chapman – Cabinet Member for Housing</i>
SLT Lead:	<i>Kevin Hazlewood- Assistant Director of housing (Acting)</i>
Report Author and contact details:	<i>James Wallis 01708431253 / 07946738491 E-mail- james.wallis@havering.gov.uk</i>
Policy context:	<i>This executive decision is required to authorise the award of a contract for the External Underpinning and balcony repairs to Warminster House , Redcar Road, Romford, Essex, under the 2018/19 HRA Structural Capital Programme</i>
Financial summary:	<i>The scheme is fully funded from Housing Revenue Account Capital Projects Budget Code: A2837 TASK 1.0</i>

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Relevant OSC:	<i>Towns and Communities OSC</i>
Is this decision exempt from being called-in?	<i>Yes it is exempt, as it is a Non-Key Decision by a Member of Staff</i>

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Officers seek approval to award a contract for external underpinning and balcony repairs to Warminster House, Redcar Road, Romford, Essex, to Buildright Solutions Limited for the sum of £196,575.00 (excluding VAT).

This contract includes a portion of works valued at approximately £34,000 excluding VAT which were added as a matter of urgency after the contract was put out to tender. Authorisation to add these additional works to the contract was sought via a Financial Threshold Exceptions Form, a copy of which is attached to this executive decision form

AUTHORITY UNDER WHICH DECISION IS MADE

This award is made under the authority delegated to Second Tier Managers in the Council's Constitution at Part 3, section 3.4:

'Contract powers
(a) To approve commencement of a tendering process for, and to award all contracts below a total contract value of £500,000 but above the EU Threshold for Supplies and Services.'

Furthermore, the Council's Contract Procedure Rules permit the award of contracts without a competitive tender or quotation process in the following circumstances:

'14 WAIVERS

...Exceptions to competitive requirements

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14.3 Exceptions to the competition requirements may be made only if all relevant law is complied with and one of the following circumstances applies:

- i. the contract falls within one of the exceptions listed in this Rule; AND*
- a. the Competition Financial Thresholds Exceptions, is fully and properly completed and signed by the relevant Member of CMT; AND*
- b. the person awarding the contract can demonstrate that the contract represents the best value that can be obtained in the circumstances. ‘*

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STATEMENT OF THE REASONS FOR THE DECISION

Housing was made aware of structural movement to Warminster House in November 2014 after a resident reported serious cracking to her balcony. The structural issues, although mainly external, have the potential to affect all 12 dwellings within the block (five of which are held by leaseholders).

Since this date Housing has completed the following investigation works:

- Regular monitoring
- Mains water test for leaks
- CCTV survey to all drainage systems
- Soil investigations (full report obtained)
- Various clearances of all trees / saplings/ brambles and hedges to access areas
- Various structural engineer surveys and recommendations
- Full detailed works specification / calculations and drawings have been completed

This matter was also referred to the Council's insurers but they said that it was not covered by the Council's policies.

The block has been inspected /monitored by Housing every three months. However, internal resourcing issues meant that there were delays in obtaining funding and a detailed specification of the works. External experts ATP Group were however engaged in 2018 to review the situation. They confirmed that the movement was progressive and in need of major underpinning including balcony repairs as soon as possible.

ATP Group produced a full detailed specification and drawings for underpinning and the works were estimated at approximately £130,000 cost. Funding was secured by strategically managing the allocated structural budget and combining some other resources to complete this urgent work.

The works were put out to tender via the Council's CapitalSourcing portal in June 2018. Six companies with the relevant degree of expertise in underpinning works were invited to submit tenders but only three tendered. Those three tenders were evaluated and the results were as follows:

Contractor	total score for quality (out of 30),	score for price (out of 70)	total score (out of 100)
Buildright solutions	18.11	64.91	83.02
Contractor B	4.5	70	74.5
Contractor C	17.21	48.95	66.16

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The price tendered by Buildright Solutions Limited was £162,575.00

However, at the end of July 2018, following the recent prolonged spell of very dry weather, another monitoring inspection identified significant further movement had occurred to the left hand side of the block within the preceding few weeks. The lower brickwork below the damp proof course had rotated down and away by 25mm. An emergency request for a structural visit was made and this was completed the following day.

The advice and recommendations of the structural engineer produced a revised specification for additional works to be completed on top of the repairs already quoted for. These additional works were confirmed and detailed within a revised specification completed by ATP Group. They also advised that the building structure was at risk if the works were not completed within a suitable timescale. The works comprise of time consuming temporary propping for safety, demolishing unstable brickwork below the damp proof course followed by rebuilding in sequence with the proposed underpinning plan. This means only small areas can be completed at each time. These additional works were originally estimated to cost approximately £15,000. However after discussing the requirements and safety precautions with ATP it was clear that costs to complete this works would be higher.

Due to the urgent nature of these works, it was decided to ask the successful contractor, Buildright Solutions Limited to give a revised quotation for the additional repair works rather than put the contract for all of the works out to tender again. Failure to act quickly on this matter may result in further defects occurring, a more costly repair project and in the very worst case may lead to the complete loss / failure of the building.

Buildright Solutions Limited have confirmed that they are able to do the additional works and have priced the whole package of works at £196,575 plus VAT which includes £34,000 for the additional emergency works. Although this is more than the Council's initial estimates for the works, officers consider that this still represents value for money in the circumstances. Officers therefore seek approval to award a contract to Buildright Solutions Limited for the total works in the sum of £196,575.

Delays. The availability of Capital funding for structural projects has decreased over the last 3 years, and during Financial Years 2014-17 there were a number of large projects which took priority over this one as those structures were failing and were in need of immediate remedial works. In Financial Year 2017-18 Due to further budget cut backs we had to limit our expenditure significantly in order to accrue sufficient funding to undertake the Warminster House project this year. There would not have been a delay had the funding been available.

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Costs. Structural movement needs to be monitored for a substantial period of time in order to understand whether it is progressive or not, over the last four years this block has been constantly monitored and as detailed in the description and in the statement above works have been carried out during the interim period to mitigate the effects of any movement. The most serious movement has occurred within the last 6 months following a long spell of dry weather therefore had funding been available to complete this project earlier we may have avoided the additional costs borne of the most recent movement. Please note that Failure to complete repairs urgently now may result in further costs being incurred.

OTHER OPTIONS CONSIDERED AND REJECTED

Re-tendering these works via a new tender process: Rejected on the grounds that the work is urgent and specialist in nature and the quality of contractors must be assured.

Redevelopment of the site: Rejected on the grounds that it is highly unlikely that we could get planning approved to create anymore dwellings on the site than already exists and the estimated costs to complete this project far out way the benefits of the Redevelopment.

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PRE-DECISION CONSULTATION

Building Regulation Notices Have been applied for and will be strictly adhered to.

Helen Oakerbee (Assistant Director for Planning Control) has been contact to confirm that no planning permission is needed to complete the underpinning and like-for-like balcony repairs.

Helen Oakerbee also commented that it would be highly unlikely that we could achieve planning approval for a better redevelopment scheme due to the size, gradient of the site as well as the close proximity of other family dwellings surrounding the Block.

All affected residents have been contacted in writing and party wall notices served to all residents and homeowners.

As this work will not be re-charged to leaseholder there are no section 20 notices being served.

Insurance were consulted but they said that it was not covered by the Council's policies. Leaseholders are also not covered, Insurance stated they have no liability in this instance as Havering have "failure to maintain the building defects for a prolonged period of time".

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Elina Rice

Designation: Senior Maintenance Surveyor

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. *The decision is to award a works contract to Buildright Solutions Limited in the sum of £196,575.00, as the value of the contract is below the EU threshold of £4,104,394 the Public Contracts Regulations 2015 are not applicable, however the EU principles of equality and transparency are applicable to below threshold contracts.*
2. *clause 2.1 of the Contract Procedure Rules ('CPR') require all procurements exceeding £25,000 will be processed through the Council's e tendering suite and 9.9 CPR requires each procurement with an estimated value of £100,000 or above must be subject to a formal tender exercise in conjunction with the SPU. The report states that the e sourcing process was undertaken and 6 companies were invited to submit tenders.*
3. *The report states that the report from the APT group required additional works to be completed to the value of £15,000 and these additional works were added to the proposed contract to Buildright without seeking tenders or quote, clause 9.3 of CPR states that procurements of £24,999 or less are subject to the CPR, albeit a less formal process, 14.3 (i) of CPR permits an exception to the competitive requirements where the contract falls within one the exceptions and the Competition Financial Thresholds Exception is completed and signed by the relevant member of SLT and the person awarding the contract can demonstrate that the contract represents the best value that can be obtained in the circumstances.*
4. *The exception being relied on in the report is the reason the addition works were required due to a genuine emergency where an unforeseen event is likely to cause immediate danger to people or property. In addition the officer and procurement have informed legal that reliance can be based on 14.6.3 for reasons that the additional work is compatibility with the current work.*
5. *Part 3 of the constitution Clause 3.4 sets out the powers of Second Tier Managers ('STM'), which include direct contract powers to approve commencement of a tendering process for, and to award all contracts below a total contract value of £500,000..*
6. *In making the award and approving the waiver requirement of the additional works the STM will have to ensure that 14.3 (i) has been complied with plus they STM is satisfied that the additional works represents best value.*
7. *As I understand from the report section 20 of the Landlord and Tenant Act 1985 is not applicable section 20 apply to qualifying works or long agreement which requires the Council prior to awarding the works contract, to consult with the appropriate tenants, affected by the proposed works or long agreement.*

FINANCIAL IMPLICATIONS AND RISKS

The total contract cost for the project is anticipated to be £196,575.00 (excluding VAT). This is fully funded from HRA Business Plan resources.

Contract

The award of this contract will help the Council to maintain the structural integrity of the building for tenants and leaseholders; Failure to keep the housing stock in serviceable condition could lead to further financial liabilities being incurred. The

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contract form proposed is the JCT 2016 Minor Works Contract which is an industry standard for contracts of this size and type.

Inflation

There will be no uplift of the contracted rates for inflation

Financial Stability

As required by the Councils Contract Procedure Rules a financial check was carried out on the proposed contractor and their rating is recorded by Experian as low risk.

Budget

The cost of the works will be met within the HRA Capital Programme as approved by members for 2018/19.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The procurement process has been carried out in accordance with the Council's Contract Procurement Rules. The selected contractor will be required to comply with relevant Equality & Diversity laws, accessibility standards and Health & Safety regulations.

BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable


Proposal NOT agreed because

Details of decision maker

Signed 

Name: 

Cabinet Portfolio held:

CMT Member title: 

Head of Service title

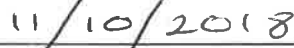
Other manager title:

Date: 

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 

Signed 