



CABINET

25th November 2020

Subject Heading:

Housing Estate Improvements 5 Year Contract

Cabinet Member:

Councillor Joshua Chapman Lead Member for Housing

SLT Lead:

Patrick Odling-Smee, Director of Housing

Report Author and contact details:

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Policy context:

Supports the outcomes within the London Borough of Havering's Corporate plan under the themes of Places and Communities.

Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe.

Financial summary:

The estimated contract value is between £14,000,000 and £50,000,000, over 5 years, which will be funded from the Housing Revenue Account (HRA)

Is this a Key Decision?

Yes – a) Incurring expenditure which is in excess of £500,000

b) Significant effect on two or more Wards

When should this matter be reviewed?

25th May 2021

Reviewing OSC:

Towns and Communities

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

Communities making Havering

[X]

Places making Havering

[X]

Opportunities making Havering
Connections making Havering

[]
[]

SUMMARY

1. A budget provision of £10,000,000 has been made available for an Estates Improvements Programme.
2. A number of contracts have already been procured and completed to deliver aspects of this work.
3. As part of the council's duty as a landlord we have commissioned a stock condition survey which has just been completed by Savills. This has identified the investment needs in the housing stock and estates over the next 30 years, which will be reflected in the HRA Business Plan.
4. This report presents to Cabinet details of the procurement of the contract through which the remainder of the Estate Improvements programme, as well as all similar works over the next 5 years, will be delivered and seeks approval to award as set out in Appendix 1.

RECOMMENDATIONS

For the reasons set out in the report, that Cabinet:-

1. Approve the award of a contract for a long term 5 year works contract to deliver the Estate Improvements Programme and the identified additional investment to housing blocks and estates throughout the London Borough of Havering, as recommended in Appendix 1 to this report.
2. Authorise officers to carry out leaseholder consultation in accordance with Section 20 of the Landlord and Tenant Act 1985 as amended by S151 of the Commonhold and Leasehold Reform Act 2002.
3. Delegate decisions on reductions, waivers or caps of service charges, on a scheme by scheme basis to the Director of Housing in consultation with the Lead Member for Housing.

REPORT DETAIL

1. During the Summer of 2020, Savills (UK) Limited have carried out a major stock condition survey and are assisting Housing Services to produce a fit for purpose Asset Management and Energy Strategy which will inform the HRA 30 year business plan.
2. The interim results have identified the investment needs required to maintain and enhance the existing HRA housing stock and provide homes which meet future needs and expectations.
3. In anticipation of that investment, Housing Services has procured a long-term contract with the flexibility to deliver works up to £50,000,000 over the next five years.
4. Initially this contract will deliver the remainder of the Estate Improvements Programme in the HRA, which is an already funded £10,000,000 initiative to improve the public realm of those estates which are not currently benefitting from the 12 Estates regeneration programme.
5. It will also deliver related works such as External Cyclical Decorations and communal areas work which already have approved funding.
6. By procuring a contract with a value range of between £14,000,000 and £50,000,000 this contract will deliver the fully funded works and can be the vehicle to deliver large parts of the anticipated additional investment, quickly and efficiently without the need for further lengthy procurement.
7. The Programme Delivery team have now completed the procurement process for the 5 year contract and the purpose of this report is therefore to obtain permission to award as recommended in exempt Appendix 1.
8. The tenders were procured under a single stage tender. Tender documents were issued electronically by London Borough of Havering via the portal managed by The Procurement Hub.
9. The tender process was then taken forward through the Delta procurement portal, utilising the DPS Framework and managed by Places for People.
10. Tenders were returned electronically by 6 main contractors via the Procurement Hub portal by 12 noon on Friday 14th August 2020. Tenders were returned by this date from:
 - Arc Group London Ltd
 - Breyer Group PLC
 - Buildtherm Services Ltd

- Greyline Builders Ltd
- MITIE Property Services (UK) Ltd
- TCL Group (Topcoat Construction Ltd)

11. The tender competition was assessed based on 70% cost and 30% quality. The contractors were asked to complete a bespoke Schedule of Rates (SoR) which would be used for the duration of the works, and then from that SoR, to complete small and large block model schedules so their tender prices could be fairly compared.
12. Following completion of the tender analysis, the selected contractor had the highest overall score and was ranked number one. The offer represents the most economically advantageous tender and forms an acceptable basis for entering into the contract.
13. In procuring a long term contract to fulfil this work, the Council will have a more favourable buying power and will have more budget certainty in terms of price for the next five years. Furthermore, carrying out these refurbishments will reduce the demand we receive for responsive repairs and will reduce the cost of one off replacements where repairs are not viable.
14. Full details of the tender returns and prices are included in Exempt Appendix 1 – Tender Report.
15. Contractor performance will be measured against a suite of KPIs which includes measures of sustainability such as local sourcing of materials and sub-contractors, reductions in waste and maximisation of recycling and reduction in transport and site emissions.
16. The contractor intends to make use of a vacant Council depot, for which rent will be paid, but break the contract down into geographical areas with local compounds in order to reduce travel distances.
17. The contractor will register the contract with the Considerate Constructor scheme, which assesses, amongst other things, the sustainability of the site set up.
18. The contract workforce will receive training in safeguarding and, with contact with so many residents on so many estates, will act as “first reporter” if any safeguarding concerns are identified.
19. The contractor will also work closely with residents on each estate, offering training to develop Estate Champions to take a more active role in managing their environments in future.
20. In keeping with that, the contractor will also work with residents on green initiatives such as the introduction of vegetable gardens, composting, recycling and reduction of utility bills. Free planters and plants will be provided, with watering cans and wellington boots to encourage children to actively engage.

REASONS AND OPTIONS

Reasons for the decision:

1. The decision is required in order to provide the contractual vehicle through which Housing Services can deliver investment through works to blocks and estates, including completion of delivery of the Estate Improvements Programme approved by Cabinet in February 2019.
2. Approval is required to award the contract for estate improvements to common parts, and similar works, over the next 5 years.

Other options considered:

1. We have considered tendering for these works as stand-alone projects each financial year.
2. However, due to the time this process takes, this would delay delivery of works over the financial year. In addition, tendering this way could mean a number of different contractors delivering the works within the borough.
3. Do Nothing as an option – rejected due to obligation to maintain homes in lettable standard.
4. Tendering this work through an open tender process: Rejected on the grounds that the work is specialist in nature and the quality of contractors must be assured. As this is over the Official Journal of the European Union (OJEU) threshold, the process would also be lengthy
5. Tendering through a Framework: Rejected on the grounds that S20 Leasehold consultation is required and a framework does not comply with that legislation.
6. Awarding work to more than one contractor – rejected on the grounds that use of a single contractor allows more scope to develop a partnership and provide consistency of delivery.

IMPLICATIONS AND RISKS

Financial implications and risks:

1. Following Estate Improvement consultations, various estates were identified as requiring estate improvement works. Consultant Baily Garner undertook an estates scoping exercise based on the required works, liaising with planning

and other LBH teams in order to prepare the specification of works & design for the project.

2. The Estate Improvements budget was a £10,000,000 initiative to improve the public realm of those estates, which were not benefiting from the 12 Estates regeneration programme. A portion of the programme has been delivered through separate contracts.
3. The minimum value of this contract is £14,000,000. This will deliver Estate Improvements Programme works in addition to other similar cyclical works such as Internal and External Decorations, Fencing, Drainage and the like. This will be funded from the Housing Revenue Account Capital Programme, Projects Codes - C30500 and C28430
4. The contract allows for further Estate Improvement works to be undertaken, up to a maximum value of £50,000,000, but this is dependent on securing future funding.
5. In procuring a long term contract to fulfil this works, the Council will have a more favourable buying power and will have more budget certainty in terms of price for the next five years. Furthermore, carrying out these refurbishments will reduce the demand we receive for responsive repairs and will reduce the cost of one off replacements where repairs are not viable.
6. The contract form proposed is the JCT 2016 Measured Works Contract which is an industry standard for contracts of this size and type.
7. As required by the Councils Contract Procedure Rules a financial check with Dun & Bradstreet has been carried out on the recommended contractor, reporting a low risk score of 1A.
8. There will be an uplift of the contracted rates for inflation, An annual adjustment, in November each year, using BCIS indices.

Legal implications and risks:

1. The Housing Revenue Account (HRA) specifically accounts for spending and income relating to the management and maintenance of Council owned housing stock. The proposed works relate to Council owned or managed properties, and will be funded through the HRA, as set out in the section 74 of the Local Government and Housing Act 1989.
2. The Council is a local authority and a best value authority with duties and powers to make arrangements to secure continuous improvement in the way it exercises its functions, pursuant to Part I of the Local Government Act 1999. The Council has the general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do, together with the power under section 111 of the Local Government Act

1972 to do anything ancillary to or which facilitates any of its functions, including the matters set out in this report.

3. Under paragraph 2.1(p) (General Functions of Cabinet) of Part 3 [Responsibility for Functions] of the Constitution the full Cabinet may, by delegation of the Leader of the Council, exercise an Executive function including the award all contracts above a total contract value of £10,000,000.
4. The contract value is over the EU threshold for works contracts (currently £4,551,413) and would generally necessitate publication of a Contract Notice in the Official Journal of the European Union (OJEU) as well as an advertisement on Contracts Finder. However officer's use of an OJEU compliant Dynamic Purchasing System (DPS), under which the Council is part of an identifiable group cited in the published contract notice, satisfies the PCR 2015 requirement for genuine competition.
5. The (Checkpoint) Gateway Stage 02 review panel recommended approval to proceed with the intended procurement activity, in accordance with the Contract Procedure Rules.
6. Officers seek to award the contract to comply with the Council's responsibilities as a public sector landlord and all relevant legislation. The Council propose to conclude "stage 2" of the consultation process under section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002); inviting and giving due regard to leaseholders' opinions.
7. The conclusion of the contract is subject to consultation with Legal Services; and in line with the CPRs, any contract award must be published on Contracts Finder where a value net of VAT is estimated to be more than £25,000.

Human Resources implications and risks:

1. There are no direct HR implications or risks to the Council or its workforce that can be identified from the recommendations made in this report.

Equalities implications and risks:

1. The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:
 - I. The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - II. The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

- III. Foster good relations between those who have protected characteristics and those who do not.
2. Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.
 3. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.
 4. The procurement process will be carried out in accordance with the Council's Contract Procurement Rules. The proposed contractor will be expected to comply with the Council's policies with regards to the promotion of equality and diversity in service delivery and employment practice.
 5. The Council will seek to ensure that socio-economic status will not dictate health and safety outcomes for occupants of new and existing homes.
 6. An Equality and Health Impact Assessment was carried out for the overall Estate Improvements Programme in May 2019.
 7. The recommendations of that assessment will be applied to all works under this procurement.

Health and Wellbeing implications and Risks

1. An Equality and Health Impact Assessment was carried out for the overall Estate Improvements Programme in May 2019.
2. The recommendations of that assessment will be applied to all works under this procurement.

BACKGROUND PAPERS

None