

Notice of Non-key Executive Decision

Subject Heading:	Delta Tenant Management Organisation (TMO) Office - Contract Award
Cabinet Member:	Councillor Joshua Chapman – Lead Member for Housing
SLT Lead:	Patrick Odling-Smee, Director of Housing
Report Author and contact details:	Kevin Howard Tel: 01708 431 235 Email: Kevin.Howard@havering.gov.uk
Policy context:	This report supports activities in furtherance of the enhancement of Place and the creation of Communities
Financial summary:	The contract value is £210,561.00, which will be funded from the HRA Capital Programme and TMO reserves.
Relevant OSC:	Towns and Communities
Is this decision exempt from being called-in?	Yes

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

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

Place an X in the [] as appropriate

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Approval to award a contract through the London Housing Consortium (LHC) Framework for the construction and installation of a new office for the Delta TMO, at Mountbatten House, to Wernick Buildings Limited in the sum of £210,561.00

AUTHORITY UNDER WHICH DECISION IS MADE

Paragraph 3.3 of the London Borough of Havering Constitution (Powers of Members of the Senior Leadership Team) (Contract powers) authorising members of the SLT to award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract Procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

1. Background to the project

- 1.1. The Delta Estate TMO is an arms-length management organisation responsible for managing properties on the Delta Estate in Gidea Park on behalf of the Council.
- 1.2. For many years the TMO has operated from a portacabin located on hardstanding adjacent to Mountbatten House on Elvet Avenue, but that building can no longer be considered “temporary” for Planning purposes, and has, in any case, reached the end of its effective life.
- 1.3. Agreement was given by the Lead Member for Housing and the Interim Director of Housing to fund a new purpose-built office space utilising the under-croft of Mountbatten House.
- 1.4. This original proposal raised issues with ownership of the storage units situated under the undercroft, necessitating a change to a modular build solution and removing the involvement of third parties.
- 1.5. This solution will involve the removal of the existing office and supply of the new office in its place, adjacent to and not under the block, and thus avoiding the issue of storage units.

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2. Scope of Works

- 2.1. The works involve the off-site fabrication of a new modular office building, all to current building regulation standards, to the size and design agreed with the TMO
- 2.2. The contractor will then remove the existing building and dispose of it, as it has no residual value.
- 2.3. New foundations will be dug and the new building craned into the existing location
- 2.4. Finally, existing building services will be re-connected, a new access ramp and stairs built and the area landscaped

3. Tender Process

- 3.1. The procurement was conducted by calling off the London Housing Consortium (LHC) Modular Buildings Framework MB1
- 3.2. The Council is a member of the LHC and has used a number of the available frameworks to procure planned works.
- 3.3. The framework permits either direct award, or a mini competition between companies on the MB1 framework.
- 3.4. Due to the desire to progress this work quickly it was decided to procure by direct award and LHC initially approached Western Building Systems, the top ranked contractor under the framework, but due to the low value of the project they declined to tender.
- 3.5. LHC then made contact with Wernick Buildings Limited, the second ranked contractor, who were happy to tender for the project.
- 3.6. The full rankings of the framework are as follows:

Appointed company	Quality	Price	VFM
Western Building Systems	65.57	25.00	90.57
Wernick Buildings	61.32	23.72	85.04
Portakabin	71.52	12.19	83.70
The McAvoy Group	68.25	14.93	83.18
Extraspace Solutions (UK)	69.23	13.89	83.12

- 3.7. Wernick Buildings Limited were asked to submit a tender based upon the performance specification provided by the Council and they returned a priced tender on 20th April 2020

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3.8. In order to evidence value for money from this direct award, the LHC undertook an evaluation of the tender price against the rates submitted by Wernick Buildings Limited in the framework.

3.9. The tender submitted to the Council represents a discount of 13.4% from the baseline Framework rates, which represents a saving of approximately £32,600.

3.10. The tender price for the originally planned construction in the undercroft was also adjusted for inflation in order to compare with the price from Wernick, and was found to be approximately £40,000 more than Wernick's tender.

3.11. Finally, the estimated cost of constructing the office in traditional brick and block was compared with Wernick's tender for a modular building, constructed off-site and was estimated to be £50,000 more expensive.

4. Social Value

4.1 The low value, short duration and off-site construction involved in this contract means that there is no realistic opportunity to add social value under the scope of this procurement

OTHER OPTIONS CONSIDERED AND REJECTED

Tender the services via regulated procurement in line with the Public Contract Regulations– **rejected** – Due to the low value of the project, and the time that will be lost due to Covid19, restrictions.

Mini-tender through another framework – **rejected** – The rates tendered by Wernick are market tested through the LHC framework and compare favourably with the market.

Do nothing – **rejected** – The Council no longer has a choice to do nothing, Planning requirements and a requirement under the TMO agreement requires that we proceed with no further delays.

PRE-DECISION CONSULTATION

These works are not subject to any requirements for consultation with Council leaseholders under section 20 of the Landlord and Tenant Act 1985, as amended by section 151 of the Commonhold and Leasehold Reform Act 2002 (commonly known as 'section 20 consultation')

The comments of Business partners have been sought for this report

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

Name: Mark Howard

Designation: Programme Delivery Manager

Signature:



Date: 22nd September 2020

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Housing Services seek to award this contract in accordance with the Council's responsibility as a landlord. The TMO manages Delta Estate on the behalf of the Council; to be able to fulfil their function, they require a new office.

The Framework appears to be compliant with the Public Contracts Regulations 2015. The Contract Award Notice (Ref: 2017- OJS 108-216569-EN) was dispatched on 8th June 2017. The Framework itself was launched in 2017. Participating authorities therefore have until May 2021 to call-off from this Framework.

The Council's Contract Procedure Rules confirm that all subsequent purchases under a framework shall either not require further competition (if a single supplier) or, if there are two or more suppliers for those goods or services on the framework, follow the express framework provisions for choosing a supplier. If there are no such express provisions a mini-competition should be held amongst the relevant suppliers.

As the contract value exceeds £150,000 the contract must be executed as a deed by the affixing of the Council's seal. The call-off contract must therefore be sent to Legal Services to be executed.

FINANCIAL IMPLICATIONS AND RISKS

Contract

The value of the contract is £210,561.00. The HRA Capital Programme, Project Code: A2847 Task 10.0, will fund £180,000.00 of the cost, with the remaining £30,561.00 coming from Delta TMO reserves.

Inflation

There will be no uplift of the contracted rates for inflation

Financial Stability

As required by the Councils Contract Procurement Rules a financial check has been carried out on the proposed contractor by LHC and Experian. Checks have shown Wernick Buildings Limited and they are classed as "Very Low Risk"

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

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 AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The procurement process has been carried out in accordance with the Council's Contract Procurement Rules. The proposed contractor is expected to comply with the

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Council's policies with regards to the promotion of equality and diversity in service delivery to the community, in relations with colleagues and in employment practices.

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.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

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.

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

Details of decision maker

Signed

A handwritten signature in black ink that reads "Patrick Odling-Smee". The signature is written in a cursive style with a small flourish at the end.

Name: Patrick Odling-Smee

Cabinet Portfolio held:

CMT Member title:

Head of Service title:

Other manager title:

Date: 13/11/20

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 _____

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Signed _____