
Executive Procurement Committee

TUESDAY, 18TH JULY, 2006 at 18:00 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, LONDON N22 8LE .

MEMBERS: Councillors Mallett (Chair), Diakides, Haley and Meehan

AGENDA

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business. Late items will be considered under the agenda item where they appear. New items will be dealt with at item 8 below. New items of exempt business will be dealt with at item 12 below.

3. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest.

4. MINUTES

To confirm and sign the minutes of the meeting of the Procurement Committee held on 26 June 2006.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Standing Orders.

6. ENERGY EFFICIENCY MEASURES CONTRACT

(Report of the Director of Social Services): Approval sought to appoint a contractor/provider to install energy efficiency measures throughout the Borough. **FAILED TO MEET DESPATCH DATE**

7. MILLICENT FAWCETT COURT, N17 PROPOSED ROOFING AND ASSOCIATED WORKS CONTRACT

(Report of Director of Social Services) To seek member agreement to award the contract for the renewal of the existing flat roof at Millicent Fawcett Court N17 with a new pitch roof , together with associated works including the installation of a new integrated reception system (IRS) to replace the existing communal television aerial, external repairs and redecoration.

8. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 2.

9. EXCLUSION OF PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public as it contains exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).

Note from Head of Member Services

The following item allows for consideration of exempt information (if required) in relation to items 6 and 7 which appear earlier on the agenda.

10. ENERGY EFFICIENCY MEASURES CONTRACT

(Report of the Director of Social Services): Approval sought to appoint a contractor provider to install energy efficiency measures throughout the Borough. **FAILED TO MEET DESPATCH DATE**

11. MILLICENT FAWCETT COURT, N17 - PROPOSED ROOFING AND ASSOCIATED WORKS CONTRACT

(Report of the Director of Social Services): To seek Member agreement to award the contract for the renewal of the existing flat roof at Millicent Fawcett Court N17 with a new pitched roof together with associated works including the installation of a new integrated reception system (IRS) to replace the existing communal television aerial external repairs and redecoration.

12. NEW ITEMS OF EXEMPT URGENT BUSINESS

To consider any items admitted at item 2.

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10 July 2006

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MINUTES OF THE EXECUTIVE PROCUREMENT COMMITTEE
MONDAY, 26 JUNE 2006

Councillors *Mallett, *Diakides, Haley and *Meehan.

*Present

Also Present: Councillor Aitken

MINUTE NO.	SUBJECT/DECISION	ACTON BY
PROC01.	<p>APOLOGY FOR ABSENCE</p> <p>An apology for absence was submitted by Councillor Haley.</p>	
PROC02.	<p>MINUTES (Agenda Item 4)</p> <p>RESOLVED:</p> <p>That the minutes of the meeting held on 21 March 2006 be approved and signed.</p>	HMS
PROC03.	<p>AWARD OF HARINGEY DRUG INTERVENTIONS PROGRAMME CONTRACT (Report of the Assistant Chief Executive (Strategy) - Agenda Item 6):</p> <p>Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>RESOLVED:</p> <p>That approval be granted to the award of the Drug Interventions Programme contracts to CRi in the sum of £1,916,272 for a period of 17 months commencing on 1 November 2006 with an option to extend for a further period of up to 12 months.</p>	ACE-S
PROC04.	<p>TOTTENHAM HIGH ROAD, HERITAGE ECONOMIC REGENERATION SCHEME (Report of the Assistant Chief Executive (Access) - Agenda Item 7):</p> <p>Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>RESOLVED:</p> <p>That, in accordance with Contract Standing Order 11, approval be granted to the award of the contract for specialist</p>	ACE-A

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	refurbishment work to 497-507 Tottenham High Road to Mullaley and Co. Ltd. in the sum of £284,296 on the terms and conditions outlined in the interleaved report.	
PROC05.	ENERGY EFFICIENCY MEASURES CONTRACT (Agenda Item 8): With the consent of the Committee this item was withdrawn.	
PROC06.	CHILDREN'S SERVICE SPOT CONTRACTS (1 APRIL 2005 - 31 MARCH 2006) (Report of the Director of the Children's Service - Agenda Item 9): With the consent of the Committee this item was withdrawn.	
PROC07.	SOCIAL SERVICES SPOT CONTRACTS (1 APRIL 2005 - 31 MARCH 2006) (Report of the Director of Social Services Agenda - Item 10) Our Chair agreed to accept the report as urgent business. The report was late because of officer involvement with the CPA Inspection delayed the finalisation and despatch of the report. The report was too urgent to await the next meeting because it was included in the current edition of the Council's Forward Plan. Concern was expressed that although the number of spot contracts entered into had reduced by 25% the cost of such contracts had only reduced by between 3 and 5%. We were advised that spot contracts varied significantly in their duration and value and that it tended to be the less complex and therefore less costly cases which were capable of being included in block contracts. The level of savings achieved was therefore correspondingly lower. Officers indicated that in the future spot contract reports were to be submitted on a quarterly basis and that consideration was being given to ways of presenting the information contained in future reports in a more meaningful way including details of contracts let with details of weekly rates. RESOLVED: That the report be noted.	DSS/ HPr
PROC08.	AMALGAMATION OF NORTH HARRINGAY PRIMARY SCHOOL - KITCHEN PHASE 1: AWARD OF CONTRACT (Report of the Director of the Children's Service - Agenda Item 11) Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information). We noted that there had been an overspend in the Children's Service element of the Council's capital programme in the 2005/06 financial year and we indicated that we would expect all future reports to our	

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	<p>Committee to contain detailed explanations of costs on all Children's capital schemes and for such costs to be monitored.</p> <p>In response to a question about the level of contingency element of the contract sum we were advised that this was considered adequate to cover the risks of the project identified in Section 10 of the interleaved report.</p> <p>RESOLVED:</p> <p>That, in accordance with Contract Standing Order 11, approval be granted to the award of the contract for the amalgamation of North Harringay Primary School, Falkland Road N.8. to Borrás Construction Ltd. in the sum of £444,824 on the terms and conditions outlined in the interleaved report.</p>	DCS
<p>PROC09.</p>	<p>REFURBISHMENT AND RE-MODELLING OF TREETOPS BUILDING AT STROUD GREEN PRIMARY SCHOOL, N4 TO FORM A CHILDREN'S CENTRE: AWARD OF CONTRACT (Report of the Director of the Children's Service - Agenda Item 12)</p> <p>Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>Arising from our consideration of paragraph 18.1 of the report, we were advised that confirmation had now been received from the School that their Governing Body had agreed to set aside £10,000 from their Devolved Formula Capital to support the project.</p> <p>RESOLVED:</p> <p>That, in accordance with Contract Standing Order 11, approval be granted to the award of the contract for the refurbishment and remodelling of the Treetops building at Stroud Green Primary School T&B Contractors in the sum of £298,247 on the terms and conditions outlined in the interleaved report.</p>	DCS
<p>PROC10.</p>	<p>PROGRESS REPORT ON COUNCIL USE OF EXTERNAL LEGAL PROVIDERS (Report of the Head of Legal Services - Agenda Item 13)</p> <p>Our Chair agreed to accept the report as urgent business. The report was late because of the need to complete necessary consultations. The report was too urgent to await the next meeting because submission had already been delayed through difficulties collecting information and Members needed to be provided with the information it contained before it became out of date.</p> <p>In noting the position statement on the legal work which had been outsourced between January 2005 and January 2006 we expressed the</p>	

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	<p>view that there should be a policy and procedure to be followed where external provision of legal services was being sought for the Council. In this connection we also noted paragraph 5.6 of Appendix B to the interleaved report had proposed principles which should underlie all outsourcing of legal work with the exception of instructions to Counsel where separate quality and cost monitoring procedures for which provision was already made.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the report be noted. 2. That a further report be brought forward to a future meeting of our Committee on the establishment of principles underlying and of a procedure for the commissioning of external legal services on behalf of the Council 	HLS/ HPr
PROC11.	<p>ALLOW AWARD OF CONTRACT TO DIAMOND BUILD UNDER THE NEW FRAMEWORK AGREEMENTS: AWARD OF CONTRACT (Report of the Acting Director of Finance – Agenda Item 20)</p> <p>This item was the subject of a motion to exclude the press and public from the meeting as it contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>We noted that since the Crowland School fire, and the subsequent investigations, the Council's Corporate and Construction Procurement teams, working with the Corporate Health and Safety Manager had undertaken to ensure that adequate procedures were in place to reduce the risk of future fire and / or similar high risk incidents. We also noted that Diamond Build now and at the time of the fire had in existence a robust health and safety policy, health and safety management systems, health and safety and training programmes for office and site-based staff.</p> <p>It was reported that Diamond Build had stated that the root cause for the incident had been that a sub-contractor had appointed its own sub-contractor which did not have similar protocols in place. Diamond Build had not been informed of the further sub-contract and had not been given the chance to evaluate this second sub-contractor. Additionally, the Council had not been informed of the further sub-contract. It was further reported that one firm measure which Diamond Build had put in place, and which had been communicated to all of their sub-contract supply chain, was that the company did not permit the further sub-contract of work to a contractor whom they had not evaluated and approved for use.</p> <p>Having been advised that all future contracts with the Council would request that sub-contractors did not sub-contract their work, we asked that officers ensure that this procedure be closely monitored and that should appropriate action be taken should the need arise.</p>	

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	<p>RESOLVED:</p> <p>That, in accordance with Contract Standing Order 11 and subject to the contractor meeting all the required conditions, approval be granted to Diamond Build being considered for and where appropriate being awarded future construction contracts under the new construction framework agreements.</p>	HPr
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ANTONIA MALLETT
Chair

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Procurement Committee On 18th July 2006

Report Title: Energy Efficiency Scheme: - request for waiver of requirement to tender.

Forward Plan reference number (if applicable) N/A

Report of: Anne Bristow – Director of Social Services

Wards(s) affected: **All (potentially)**

Report for: **Non-Key Decision**

1.0 Purpose

1.1 To seek Member agreement to waive the requirement to tender under Contract Standing Orders.

2.0 Introduction by Executive Member

2.1 Energy Conservation and Fuel Poverty are high priorities within both our Private and Public sector elements of our housing strategy. This project has been very successful in helping residents to access special grants and in delivering significant outputs for our strategy. I have been assured that the recommended approach is justified and the best value option for the council. Therefore I endorse the recommendations.

Contact Officer: Rogerio Antunes – Head of Asset Management, Tel: 020 8489 1229

3.0 Recommendations

3.1 That Members agree the waiver of Contract Standing Order (CSO) 6.4 (requirement to tender), as allowed under CSO 7, in accordance with waiver requirements noted

Report Authorised by:

Director of Social Services

4.0 **Reasons for any change in policy or for new policy development (if applicable)**

4.1 Not Applicable

5.0 **Local Government (Access to Information) Act 1985**

5.1 The following background documents were used in production of this report:

- Energy Saving Trust – Practical Help literature– January 2005
- Energy efficiency measures Market Testing - Contractor returns
- Parliamentary Warm Homes Group Report – October 2004
- GOLSub Regional Housing Partnership letter of 20th Feb 2006

5.2 Part B

This report contains exempt and non-exempt information. Exempt information is contained in **Part B** and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972).

6.0 **Background**

- 6.1 In 2003 Haringey Council with Haringey Homes & Building services leading entered a contract with British Gas Trading Ltd (BG) to deliver energy efficiency measures to public housing residents. In so doing Haringey became a 'flagship Local Authority', delivering the BG "Home Essentials for Living Programme" (HELP scheme).
- 6.2 BG's HELP scheme is designed to help residents out of 'fuel poverty'. The programme consisted of subsidised draft proofing, cavity wall and loft insulation, radiator panels and thermostatic valves etc. HELP also provided advice to residents on securing benefits while providing subsidised, or free, home security measures including chains and peepholes for the vulnerable and elderly.
- 6.3 Haringey's Environmental Services entered a parallel contract with BG to provide a similar range of services to the private sector, including Haringey Leaseholders.
- 6.4 Environmental Services selected qualifying occupiers by identifying geographical areas and writing to occupiers inviting them to sign up to the scheme. This method of identification proved successful and is proposed to continue to 2008. This will be augmented with road show publicity events.
- 6.5 Between September 2005 and June 2006 over five thousand public sector housing properties were surveyed, and seven hundred and fifty four properties (equivalent to 15% of the surveyed stock) received the range of energy conservation measures.

- 6.6 This relatively low ratio is in part due to the fact that Haringey consistently insulated cavities and lofts under the annual Housing Capital Programme (funded via the MRA and SCE) and hence few cavities and lofts remain to be insulated.
- 6.7 Energy conservation measures undertaken via the BG contract and Housing capital works programme over 2004/05 financial year yielded a sample of properties achieving a draft energy SAP rating of 66.07. This is equivalent to 2 points above Haringey's LPSA target. This 'SAP report' will be reviewed and issued in due course to advice on BVPI 63.
- 6.8 The Council's success in filling cavities and lofts necessitates Haringey now look for innovative ways to continue SAP improvements. It is anticipated these measures will be less cost effective than cavity and loft insulation, hence a review of measures and value for money is proposed over the 2006/07 financial year.
- 6.9 This BG contract was 'managed' by the Housing Service (now via the councils ALMO Homes for Haringey (HfH)) delivering all public housing projects. Environmental Services managed the contract for all Private sector occupiers. These client side management arrangements are intended to be maintained to 2008.
- 6.10 Contract administration was provided by EAGA Partnership for the 2004/05 financial year. EAGA's service (including delivery of tabulated record data on all energy measures) was provided for a fee of 10% capital cost.
- 6.11 EAGA's role was reviewed at the end of 2004/05 and it was concluded this could be provided by BG and their sub contractors for no additional fee for the 2005/06 programme. This was implemented and successfully achieved. This arrangement is proposed for the 2006/07 and 07/08 financial years as it will deliver better value for money for the Council and residents.
- 6.12 A minimum of five percent quality checks are undertaken by BG's installation contractor via a third party. HfH undertake further five percent independent checks via the construction related consultancy service (CRCS) Consultant for a cost of circa £65 per property.
- 6.13 The current contractor provides a third party underwritten 25 year guarantee for all cavity wall insulations. Provided via the 'Cavity Insulation Guarantee Agency' (CIGA) this guarantee ensures defective work is rectified at no cost to the Council. This method of guarantee is intended to be retained to 2008.
- 6.14 The Housing Service energy efficiency contract with BG came to an end on 30th June '2006. Environmental Services energy efficiency contract with BG came to an end in March 06.
- 7.0 Budget
- 7.1 The programme of energy conservation measures for public sector housing will be funded from the Housing Capital Programme to the end of 2008. An agreed

budgetary resource of £240k is available in the 2006/07 financial year and a further £300k is proposed for the 2007/08 financial year.

- 7.2 The programme of energy conservation measures in private sector will be funded using money secured by Environmental Services through the North London "Sub-Regional Housing Partnerships". This funding is provided directly from the Department for Communities and Local Government (formerly the Office of the Deputy Prime Minister) and must be specifically spent on achieving the thermal comfort element of the decent homes standard.
- 7.3 The "Sub-Regional" budgetary provision for 2006/07 financial year is set out in part B of this report.
- 7.4 The Sub-Region has submitted a further bid for 07/08 and comments are set out in part B of this report.
- 7.5 Sub-Regional funding will be used to carry out works within the private sector properties identified by Environmental Services and will be subject to occupier means testing. The intent is to address vulnerable home owners, leaseholders and private tenants.
- 7.6 The preferred Contractor identified in Part B provides an addition of a 'Community Fund allocation' of £5 per property receiving measures. This money will be made available for community schemes such as play areas. Homes for Haringey will manage implementation of these projects.
- 7.7 The preferred Contractor identified in Part B does not charge a separate survey or management fee where energy efficiency measures are required. Where no measures are found a nominal £25.00 fee per property is charged. This is a cost effective means of determining the current energy efficiency rating of a property (SAP rating) and hence offers VFM from an otherwise abortive exercise.

8.0 Description

- 8.1 Generally, only major energy providers have access to the substantial Government incentives utilised to subsidise energy conservation measures and resource added value of the HELP or similar schemes. The market supply of providers is therefore very limited, and a short list was agreed with the Councils Central Procurement Unit.
- 8.2 A list of potential services provided under 'here to HELP' scheme is in Part B (Appendix 3) of the report.
- 8.3 Within the schemes offered by the providers there is known to exist a great deal of variation in the structure of grant and assistance programmes hence best VFM for Haringey's specific needs would be difficult to assess from a formal priced tender. Market testing, with an emphasis on identifying levels of subsidy and qualitative 'value add services' was considered the best vehicle to assess VFM.
- 8.4 Homes for Haringey carried out a 'Market Testing' exercise on behalf the Housing Service and Environmental Services departments (26/05/06). The intention was to

establish an empirical comparison of the price and qualitative offerings and hence VFM of the limited number of Energy Efficiency providers able and willing to offer service to Haringey. The results are within part B of this report.

- 8.5 Market testing documents were issued to five national energy (conservation) providers. Two providers responded.
- 8.6 Both returned submissions were evaluated by HfH team via a 70 : 30 quality : cost basis. The qualitative questionnaire and pricing schedule with HfH scoring and comments are contained in Part B of this report.
- 8.7 The results of the market testing demonstrated a clear winner and hence 'preferred provider'.
- 8.8 It is proposed that Housing Service offer the 'preferred provider' an opportunity to work with the councils proposed Constructor Partners (currently being procured by HfH) to deliver energy conservation measures within £200m Decent Homes Standards programme starting in 2007. This is dependant upon securing funding from the Government and attaining an Audit Commission two star rating.
- 8.9 It is proposed that Environmental Services will utilise this 'preferred supplier' to deliver energy conservation measures to the private sector, meeting targets set by Government Office for London as part of the North London sub regional delivery programme.
- 8.10 This single 'provider' will simplify arrangements to install energy conservation measures in Haringey housing block of mixed tenure within the public and private housing sector.

9.0 **Consultation/Leasehold Implications**

- 9.1 The output of this scheme is limited to achieving improved thermal efficiency and providing resident assistance via the BG HELP scheme providing benefits advice and security measure for pensioners and the vulnerable.
- 9.2 Communication has been carried out through the media 'Tenant Star', (now 'Homes Zone') and posters at Customer Service Centres to get the feedback and comments on the existing scheme.
- 9.3 As a result of applications made under the Right to Buy legislation, there will be leaseholders as well as council tenants, living in the properties affected by the works described in this report.
- 9.4 It is proposed to consult leaseholders by issuing a Section 20 Notice with the aim of setting up of a qualifying long term agreement with a contractor to carry out these works.
- 9.5 Charges to all leaseholders are limited to the estimates contained in their Offer Notices. Invoices for these works will be included with the annual Certificate of

Actual Service Charge, which is sent to every leaseholder after the end of the financial year.

- 9.6 Public sector leaseholders and private sector occupiers may qualify for a grant for these works funded by Environmental Services private sector budget.

10.0 **Summary and Conclusions**

- 10.1 Haringey require a means of delivering subsidised energy conservation works to public and private sector housing, with the principle aim of alleviating fuel poverty and achieving the councils agreed energy SAP ratings.
- 10.2 Market testing was deemed the most suitable method of evaluating the limited market of major energy provider's. (who have access to the necessary subsidy).
- 10.3 The invitation to the 'market test' was issued to five of providers, and two responses were received. Assessment of the responses was undertaken on a quality and cost basis.
- 10.4 Market testing indicated the 'preferred supplier' would ensure grant funding (subsidise energy conservation measures) to Haringey until March 2008. The competing provider could not provide grant funding; placing them at a significant commercial disadvantage. The preferred supplier's qualitative submission was also superior. Part B contains the full analysis.
- 10.5 A single contract with the preferred supplier can bring real benefits in reducing fuel poverty and increasing thermal comfort to public and private housing sector.
- 10.6 A further benefit of a single provider (to both private and public housing). is the ability to deliver mixed tenure blocks under a single contract.

11.0 **Recommendations**

- 11.1 That Members approve a waiver of CSO 6.4 as allowed under CSO 7.2. i.e. that it is in the Council's overall interests, as set out in this report
- 11.2 That members agree the market testing exercise utilised, referred to in Part B of this report, is acceptable in lieu of a formal tender process.
- 11.3 That Members note the intention to spend £240,000 from the Housing Services Capital Budget to address public sector housing measures under this contract in the 2006/07 financial year.
- 11.4 That Members note the intention to spend £340,000 provided from Environmental Services budget to undertake measure to Private Sector properties within the financial year 2006/07.

12.0 Equalities Implications

- 12.1. The energy efficiency measures programme will be of direct benefit to residents of homes targeted, irrespective of race or religion and includes disabled, elderly and people from ethnic minorities.
- 12.2 Residents on low income will particularly benefit from the energy saving measures, assisting them to escape the Governments defined criteria of 'Fuel Poverty'.

13.0 Health and Safety Implications

- 13.1 The Construction design and Management (CDM) 1994 apply to this programme and a Panning Supervisor has been appointed by HfH to ensure all statutory obligations are met and providers maintain KPI safety targets.
- 13.2 A Criminal Records Bureau checking procedure will be followed for operatives who will be visit Council or private properties under this scheme.

14.0 Sustainability Implications

- 14.1 The pre and post SAP rates are worked out by the contractor and reported to Haringey prior to project completion. We aim to achieve an average increase of two SAP points in each property under this scheme.
- 14.2 All energy efficiency measures carried out under this programme will support the new Haringey Fuel Poverty and Private Sector Housing Strategy. It will also help to improve the overall thermal comfort of the properties and reduce the fuel usage and carbon dioxide emissions when the existing boilers are replaced with the recommended energy efficient 'A' rated condensing boilers. Two energy saving bulbs (issued free of charge)per property will be distributed through their sub-contractors.
- 14.3 This programme deals with the most vulnerable within the borough dealing specifically with properties where an occupant's health is affected or exasperated by cold and damp conditions or where families cannot look after their sick relatives due to draughts and heat losses. Needy residents will be prioritised.
- 14.4 Under the present scheme the elderly residents (over 60 years of age) and living in high crime areas will get safety and security devices such as spy holes, safety chains and door bolts installed. Also the contractor will carry out a free gas safety check after the cavity wall insulation.
- 14.5 Under this scheme all residents in public housing and residents in receipt of qualifying government benefits in private rented or owner occupier households will receive advice to identify whether they are claiming all benefits they are entitled to.
- 14.6 The timber framed building cavities will be filled (where possible) with a material made out of the recycled newspaper called 'Warmcell' under this 'here to HELP' programme. This material can only be used in timber framed buildings.

14.7 The appointed sub contractors are instructed to dispose waste materials, in a controlled manner to reduce the amount of waste to a minimum. Also the contractors are contractually bound to dispose the waste in accordance with waste regulations and contractor's waste disposal tickets will be spot checked.

14.8 The contractors are requested to re-use any pipe fittings wherever possible and re-cycle the any recyclable materials such as copper, aluminium, lead etc. The recycling rate will be established prior to start of this contract. Under this scheme the sub contractors will be requested to re-use a minimum of 5% of re-useable pipe lagging and tank insulation. Also they will be requested to keep a record of what has been re-used and give Council credit for such material.

14.9 The contractor will be issued with 'All Haringey' and estates parking permits to keep the transportation to a minimum.

15.0 Comments of the Director of Finance

15.1 The Housing Services capital budget for 2006-07 contains a provision of £240k for the energy conservation programme. The 3 year Capital budget reported to Members in February contains an indicative budget provision of £300k in both 2007/2008 and 2008/2009. The Director of Finance notes (Para 7.5 refers) that there will be savings accrued by not using managing agents, thus the majority of the budget will be expended on the works. It is also noted that a grant of £340k will be received from the North London Housing Sub Regional Group for private sector decent homes.

16.0 Comments of the Head of Legal Services

16.1 The proposed contract is a mixed contract for the purpose of EU procurement law, consisting of works and services. The predominant purpose of the contract is the installation of energy efficiency measures and the vast majority of the cost will be incurred in relation to the works. The contract is therefore governed by the Public Contracts Regulations 2006. It is below the threshold where tendering is required in Europe (£3,611,319. 00).

16.2 The Council's Housing Directorate seeks a waiver of CSO 6.4 (requirement to tender) in accordance with the provisions of CSO 7.3 (d) i.e. that it is in the Council's overall interest.

16.3 Because of the value of the contract it is a requirement of CSO's that the waiver is approved by the Procurement Committee in accordance with CSO 7.2 (a).

16.4 Should the Procurement Committee approve the waiver, the directorate will present a further report to the Procurement Committee in respect of the award of Here to Help Contract.

16.5 The Head of Legal Services confirms that there is no legal reason preventing Members approving the recommendation in this report.

17.0 Comments of the Head of Procurement

- 17.1 The Corporate Procurement Unit originally requested that a market test exercise be undertaken in parallel with the request to waiver, as it was believed that the market could have changed considerably since the first contract was awarded.
- 17.2 The market test exercise showed however that the market has not expanded, and the number of suppliers able to meet this remit is fairly limited. In fact the response to the market test was very low; out of only five suppliers approached, 3 did not respond at all.
- 17.3 Having reviewed the responses received from the two other suppliers, it would appear that there would be no value in undertaking a full tender exercise in such a restricted market.
- 17.4 The Head of Procurement therefore supports the request to waiver (as required under Contract Standing Order 6.4) in accordance with CSO 7.

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**REPORT TEMPLATE:
PROCUREMENT COMMITTEE**

 Agenda item: **[No.]**
Procurement Committee On 18th July 2006

 Report Title: **Millicent Fawcett Court. Roofing, external repairs & associated works:
Award of contract**

 Forward Plan reference number : **N/A**

 Report of: **Anne Bristow – Director of Social Services**

 Wards(s) affected: **Bruce Grove**

 Report for: **Non Key Decision**
1.0 Purpose

1.1 To seek Member agreement to award the contract for the renewal of the existing flat roof at Millicent Fawcett Court, N.17 with a new pitch roof, together with associated works including the installation of a new integrated reception system (IRS) to replace the existing communal television aerial, external repairs and redecoration.

2.0 Introduction by Executive Member

2.1 Due to the prominent location of this estate (on the High Street) and long-standing problems with water penetration, it was necessary to allow sufficient time to ensure that the proposed works are the most appropriate for it. In addition we are trying to replace flat roofs, whenever appropriate and possible, with pitched roofs in order to ensure value for money in the long run. This implied an increase in the overall capital investment needed (resulting in significant long-term savings), and this in turn necessitated extra consultation with leaseholders. Finally the project is designed to make a real contribution to our environmental and sustainability objectives.

3.0 Recommendations

3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 12 of this report.

Report Authorised by: **Director of Social Services**

Contact Officer: Joan Crosse-Smith. Senior Project Manager. Homes for Haringey.
0208 489 1143

4.0 Executive Summary

4.1 See 1.1

5.0 Reasons for any change in policy or for new policy development (if applicable)

Not applicable

6.0 Local Government (Access to Information) Act 1985

6.1 The following background documents were used in production of this report.

Feasibility Report April 2003 – Haywards Property Services (now Dunlop Haywards)
Revised Feasibility Report December 2004 - Haywards Property services (now Dunlop Haywards)
Tender Report – Dunlop Haywards May 2006

6.2 This report contains exempt and non-exempt information. Exempt information is contained in **Part B** and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972).

7.0 Background

7.1 Millicent Fawcett Court consists of five interlinked blocks of flats and maisonettes. The blocks are four and five stories in height with undercroft parking and open galleried access balconies. The existing flat roof is at the end of its useful life and is in need of replacement. In April 2003 a feasibility report was prepared by Haywards Property Services which recommended a flat to flat roof replacement. The scheme was not progressed, however, due to funding restraints. In 2004, following consultation with residents, ward members and local housing officers, a revised feasibility report was undertaken which recommended a flat to pitch roof replacement which would provide greater value for money over the life of the roof.

7.2 There were also plans to carry out external redecoration of the blocks; this scheme was amalgamated with the roof proposals and the revised proposals now includes other long standing maintenance issues such as the repairs to the high level patios, asbestos removal, externalising the rainwater down pipes and replacement of the existing communal television aerial with a new digital aerial. This package of works will reduce the call on existing revenue funds for decanting of residents and payment of insurance claims due to water penetration at Millicent Fawcett Court. The local housing office has advised that over £30k has been spent in decanting and insurance costs in the last year. Following completion of the final design, the pre tender estimate for the works was £1,779,350.

8.0 Budget

8.1 This project will be funded from the Homes for Haringey Planned Maintenance Budgets in their 2006/7, 2007/8 & 2008/9 Housing Capital Programmes.

9.0 Tenders

9.1 Tenders were invited from four firms from the Approved List of Contractors in April.

9.2 Tenders were invited on the basis of a fixed price contract, for a period of 36 weeks. In addition, contractors were also given the option of stating and pricing for an alternative contract period.

9.3 All four contractors submitted a tender based on a 36 week contract. The lowest tenderer also offered an alternative contract for a period of 30 weeks.

9.4 The overall range of tenders, that is the difference between the highest and the lowest tenders submitted, was 44.3%.

9.5 All tenders are open for acceptance for a period of six months from 12th. May 2006, the closing date for receipt of tenders.

9.6 The lowest firm price tender received with a contract period of 30 weeks is recommended for acceptance.

9.7 Full details of the tendering exercise are provided in Part B.

10.0 Consultation

10.1 Between 2003 and 2005, there have been detailed discussions with residents, officers from the local area office and ward members on the options for carrying out the works.

10.2 More recently, this has culminated in detailed consultation with residents including the Residents Association (RA) to agree the final design. This included a visit organised for residents at the request of the RA to be taken to another borough to see an estate where similar works were undertaken using the same roofing system.

10.3 During the recent consultation, leaseholders also requested that a leaseholders meeting be arranged with the Home Ownership Team and the project team. The objective of this meeting was to give leaseholders an opportunity to ask questions about cost / payment issues and for leaseholders to have a final opportunity to ask questions about the scheme design. This "leaseholders only" session was successfully undertaken on Monday 12th. June.

11.0 Summary and Conclusion

11.1 That the proposed package of works as developed through consultation with residents ward members and local housing officers be agreed, and the lowest tender accepted.

12.0 Recommendations

12.1 That Members agree to award the contract for the above project as allowed for under Contract Standing Orders (CSO) 11.1 based on lowest price.

13.0 Equalities Implications

13.1 The works will benefit all occupants of the properties included in this scheme which includes disabled, elderly and people from ethnic minority groups and will improve their quality of life.

14.0 Health and Safety Implications

14.1 All contractors have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry-wide-body. They also comply with the requirements of the Council's Health and Safety policy.

14.2 The construction Design and Management Regulations 1994 apply to this project and the contractors Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor.

15.0 Sustainability Implications

15.1 The scheme was carefully designed with the full involvement of residents, ward councillors and local housing officers to ensure a quality of design that meets the aspirations of local stakeholders.

15.2 Following initial consultation, a revised feasibility report was requested which fully evaluated all the options for replacing the roof, including life cycle costings. This resulted in a recommendation to provide a flat to pitch roof replacement, which would provide greater value for money over the total life of the component.

15.3 Being in a prominent high street location, the opportunity was taken to involve the local planning officer at an early stage in agreeing a design that would provide a positive environmental impact on the high street.

15.4 The proposed roofing system is constructed of components which are fully recyclable. The rain water goods are aluminium based. 10% of the metals used in the roofing system are from recyclable sources.

15.5 The roofing materials selected have a life expectancy in excess of 60 years.

15.6 The improved thermal insulation afforded by the new roof will assist in reducing energy consumption and heating costs.

15.7 Our consultants advise that the existing SAP ratings for the top floor flats range from 69–84 and the ratings after the works are complete are anticipated to range from 73-91.

16.0 Financial Implications

16.1 This scheme is estimated to cost £1,690,382.90 and projected to be phased as set out in paragraph 6 of Part B

16.2 Provision for the spend exists in the Planned Maintenance budgets for 2006/2007 and 2007/2008 within the Housing Capital programmes for the respective years. The balance of the expenditure of £50,083.22 is forecast to be spent in financial year 2008/2009; this will be a first call on the resources available in that year.

17.0 Comments of the Director of Finance

17.1 This scheme is estimated to cost £1,690,383, which is likely to be phased as set out in paragraph 6.0 of this report. The project is dealing with 135 Council dwellings & 51 Leasehold dwellings. The contribution from the leaseholders will be £357,461 (Para 4.5 refers) at an average of £7,009 per dwelling and the cost to Council dwellings will be £1,332,922 at an average of £9,873

17.2 Provision for this scheme exists in the Planned Maintenance budget within the 2006/2007 Housing Capital Programme.

17.3 The balance of the expenditure is forecast to be spent in financial year's 2007/2008 (£410,658) and 2008/2009 (£50,083) respectively. These will be a first call on the resources available in those years.

18.0 Comments of the Head of Legal Services

18.1 The value of this contract is below the threshold for works where tendering in Europe is required under the Public Contracts Regulations 2006 (currently £3,611,319), therefore the EU Regulations do not apply.

18.2 The Contract has been tendered in accordance with CSO 8.2(d) by inviting tenderers from one of the Council's Approved lists. CSO8.2 (d) provides that where a framework agreement or approved list exists in respect of the subject matter of a contract, tenders shall be invited from capable contractors on the framework agreement or approved list applying the principles of best value.

18.3 This report is recommending award of the contract to the contractor named in Part B on the basis that they submitted the lowest priced tender, in accordance with CSO 11.1(a).

18.4 The Head of Legal Services confirms that the statutory leaseholder consultation procedures set out at sub-paragraph 4.4 in Part B Paragraph 20 of this Report comply with The Landlord & Tenant Act 1985 and The Service Charge (Consultation) (England) Regulations 2003.

18.5 Because the value of the contract is in excess of £250,000, award of the contract must be approved by Members in accordance with CSO 11.3.

18.6 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendation set out in Paragraph 12 of this report.

19.0 Comments of the Head of Procurement

- 19.1** This report is extremely detailed and provides the level of information needed to be satisfied that a robust and comprehensive process has been followed.
- 19.2** Contractors for this procurement have been selected from the Council's Approved List, and tenders requested from four contractors (Note that at the time the project commenced not all contracts for the framework agreements had been signed off for use.)
- 19.3** Contractors were selected on a both a selection and a rotation basis allowing contractors with specialist roofing abilities to be included.
- 19.4** The tender process allowed contractors to submit bids on a fixed price basis for 36 weeks and for an alternative contract period. This process has most certainly allowed the achievement of value for money in the lowest price tender. The variations in price between the lowest price and the next contractor's price are invariably due to the preliminary work that they will undertake and have priced accordingly.
- 19.5** A thorough evaluation of all the tenders has been undertaken, and the Head of Procurement notes the attention to detail which picked up the variation between compliant and non-compliant bids.
- 19.6** There is a very detailed evaluation of the variations between the costs submitted by the lowest and the next contractor. The Corporate Procurement Unit will be able to use this information as benchmarking against future work.
- 19.7** In many cases where the lowest price is so much lower than the other tender prices and lower than the pre-tender estimate, there would be a degree of caution. However, this report has provided a very detailed breakdown of where the differences occur, and the project manager understands that this is due to the savings in preliminary work, given the alternative contract period.
- 19.8** In summary, the Head of Procurement supports the recommendations made to Members at paragraph 12, for contract award as at part B.

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