



14

Agenda item:

**Procurement Committee**

**Date: 25<sup>th</sup> November 2008**

Report Title: **Decent Homes Works: Wood Green Phase 6**

Forward Plan reference number (if applicable): v78

Report of: **Niall Bolger, Director of Urban Environment**

Wards(s) affected: Noel Park

Report for: **Key Decision**

### **1. Purpose**

1.1 This reports sets out a detailed programme of works as it relates to the delivery of the Decent Homes Programme, at 36 various addresses collectively called WG 6 Parklands, in Noel Park, Wood Green. The works outlined in this report are scheduled to commence on 12<sup>th</sup> January 2009. As such, this report is seeking Procurement Committee approval to award the contract and to proceed with the works in this phase.

### **2. Introduction by Cabinet Member.**

In accordance with our stated commitment to improve the quality of homes for our tenants and to meet housing need, this report informs Members of the Procurement Committee of the current packages of work to commence under the Decent Homes programmes as delivered by Homes for Haringey.

### **3. Recommendations**

3.1 To facilitate the delivery of the decent homes works Members of the Procurement Committee are requested to agree:

3.2. To award the contract for the above Project to the contractor named in Paragraph 2.1 of Appendix A, as allowed under Contract Standing Order (CSO) 11.03 and that the AMP (Agreed Maximum Price) excluding fees as detailed in Para 2.2 of Appendix A and Appendix B be noted.

Report Authorised by: **Niall Bolger, Director of Urban Environment**

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**Strategic Client Representative**  
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#### **4. Chief Finance Officer Comments**

4.1 It should be noted that on 13<sup>th</sup> Feb 2007, this committee approved framework agreements with Decent Homes contractors and compliance teams, to cover 4 areas. This report details the specific works needed to Parklands Road N22, priced in accordance with the framework agreement.

4.2 Members will be aware that DCLG has approved the funding for Decent Homes, totalling £198.5m phased over six years of which £27.5m has been approved for 2008-09

4.3 It should be noted that so far (excluding this report on the agenda) 35 contracts have been approved by this committee; totalling some £33.8m. With the approval of this Contract, this will bring the total commitments to £34.6. The extra costs above the currently approved budget will be funded from recharges made to leaseholder for works to their properties.

#### **5. Head of Legal Services Comments.**

5.1 This report is seeking Procurement Committee approval to award a call-off contract for Decent Homes works at 36 properties in the Wood Green area of the borough (details of which are set out in Paragraph 15.2 below), to the contractor named in Paragraph 2.1 of Appendix A to this report.

5.2 Cabinet Procurement Committee had on 13<sup>th</sup> February 2007 granted approval to the award of four Decent Homes Constructor Partner Framework Agreements in respect of four areas within the Borough (Wood Green, Hornsey, North Tottenham and South Tottenham) to four respective contractors, of which the recommended contractor is one.

5.3 The Framework Agreements were tendered in the EU and selection of the Framework contractors was undertaken in compliance with the Public Contracts Regulations 2006, as confirmed by external legal advisers (Trowers and Hamlin) who provided legal advice on the procurement of the Framework Agreements.

5.4 The contractor named in Paragraph 2.1 of Appendix A to this report was awarded the Framework Agreement in respect of the Wood Green area.

5.5 As the value of the contract is above the Council's Key Decision threshold of £500,000, the Council's Arms Length Management Organisation, Homes for

Haringey, who undertook the procurement of the contract on behalf of the Council have confirmed that, in accordance with CSO 11.04, details of this contract have been included on the Forward Plan.

- 5.6 The value of the proposed contract exceeds £250,000 therefore the award requires the approval of the Procurement Committee, in accordance with CSO 11.3.
- 5.7 The report states that the statutory leaseholder consultation is currently being undertaken and that no comments have been received from leaseholders to date. The consultation period is however yet to expire as at the date of provision of these comments.
- 5.8 The Head of Legal Services confirms that, provided the Council has considered any comments from leaseholders made between the date of provision of these comments (3rd November 2008) and the expiry date of the statutory leaseholder consultation period (8th November, 2008), there are no legal reasons preventing Members from approving the recommendation in Paragraph 3. 1 of this report to award the contract to the Contractor named in Pararagraph 2.1 of Appendix A.

## 6. Head of Procurement Comments

- 6.1 The selection of the contractor for these works has been undertaken from the Decent Homes contractor framework.
- 6.2 The Client needs ensure that a risk register is in place for the works and that it is reviewed on a regular basis.
- 6.3 An Agreed Maximum Price has been agreed by the parties prior to start on site, in accordance with the process allowed under the form of contract.
- 6.4 The Head of Procurement therefore states that the recommendations in this report offer best value for the Council.

## 7. Local Government (Access to Information) Act 1985

7.1 The background papers relating to this project are:

- 'The Award of Framework Agreements to four Decent Homes Constructors Partners'.
- Pre Qualification Questionnaires (PQQ) Responses from Constructors dated September 2006.
- Short List Report dated October 2006
- Invitation to Tender Document dated October 2006
- Tender Reports dated February 2007

These can be obtained from Pauline Hinds – Strategic Client Representative on 020 8489 1151.

7.2 This report contains exempt and non exempt information. Exempt information is contained in Appendix A of this report 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):

7.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **8. Strategic Implications**

8.1 Homes for Haringey supports the Council's Housing Strategy and is committed to providing an excellent housing service while effectively delivering the decent homes programme for the residents of Haringey. As its strategic delivery partner Homes for Haringey is committed to ensuring that the decent homes programmes meets the aspirations of residents and Members. The package of works set out in this report forms part of the overall delivery of the Decent Homes Programme.

## **9. Financial Implications**

9.1 This scheme is estimated to cost the amount set out in paragraph 2.3 of Appendix A and B.

9.2 Provision for this exists within the Decent Homes Budget for 2008/2009 and details of spend to date are set out in Appendix C.

## **10. Legal Implications**

10.1 See section 5 above.

## **11. Equalities Implications**

11.1 The works will ensure that all tenants and leaseholders living throughout the borough will reside in a decent home by the end of this programme of work.

11.2 This improvement will benefit all occupants of the properties, which include disabled, elderly and people from the minority ethnic communities.

## **12. Consultation**

12.1 Homes for Haringey has carried out detailed consultation with the residents that will be effected by the works set out in this report. A resident's meeting took place on the 9<sup>th</sup> October 2008.. The Ward Members were invited to attend. A newsletter was issued to residents following the meeting.

12.2 Leasehold consultation forms part of the overall consultation process and is a statutory requirement. Details of this are set out in paragraph 17 of this report.

### **13. Background**

- 13.1 The requirement for all local authority homes to meet the Decent Homes Standard was set out by The Office of the Deputy Prime Minister (ODPM) now known as Department for Communities and Local Government (DCLG) in February 2003. The objective of the Decent Homes Standard is that every tenanted home should be decent in accordance with the guidelines of the ODPM (now DCLG) by December 2010.
- 13.2 The Decent Homes Programme is a long term programme of major investment to bring all tenanted homes up to a decent standard. Environmental improvements, including sustainability issues, may represent up to 5% of the overall programme.
- 13.3 Managing and delivering the Decent Homes programme to cost, time and to the expectation of the tenants and residents of Haringey is paramount and as such requires the appointment of Constructors with a proven track record of delivering a similar programme for other Local Authorities/ALMOs.
- 13.4 On 13<sup>th</sup> Feb 2007, this committee approved the framework agreements to four Decent Homes contractors and 4 compliance teams, to cover 4 areas. The procurement and delivery of the Decent Homes Constructors has been managed by Homes for Haringey under the terms of its management agreement with the Council.

### **14. Agreed Maximum Price**

- 14.1 The Agreed Maximum Price is based on the schedule of rates contained within the contractors tender returned 30<sup>th</sup> November 2006.
- 14.2 The Agreed Maximum Price is the procedure for determining the cost of a project under the PPC2000 (Project Partnering Contract) form of contract. The PPC2000 form of contract was formed from the 'Egan Report' and was designed to allow the early appointment of constructors and specialists.
- 14.3 The Project Partnering Contract (PPC2000) is designed to allow for a multi party approach by the client, constructor, consultants and specialists in order to provide a consistent approach to working within a partnering ethos. The Project Partnering Contract (PPC2000) also provides the opportunity to progress joint selection of supply chains and supply chain partnering to encompass value engineering and allows for 'open book' accountability.

#### **14.4 Detailed below is a summary of contractor details:**

|  |                               |
|--|-------------------------------|
| Total estimated construction cost (excluding fees) | para 2.1 Appendix A           |
| Anticipated Contract start on site                 | 12 <sup>th</sup> January 2009 |
| Anticipated Contract completion                    | 30 <sup>th</sup> March 2009   |
| Contract duration                                  | 12 weeks                      |
| Contractor   | para 2.2 Appendix A           |

## 15. Property address location

15.1 This report details the specific works required to the 36 properties in the Wood Green area and are priced in accordance with the framework agreement. Listed below are the property addresses that will benefit from the raft of decent homes work under this particular phase of the programme:

Block 20-108 (evens) Parklands Road N22 – (36 no)

Property numbers are: 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 46, 48, 50, 52, 54, 56, 58, 60, 62, 64, 66, 72, 74, 76, 78, 80, 82, 84, 86, 88, 90, 92, 98, 100, 102, 104.

### General Needs Dwellings

| Property Address | No of units | Property Type | Floor level | No of Leaseholders | Type of Roof | Conservation Area |
|------------------|-------------|---------------|-------------|--------------------|--------------|-------------------|
| Parkland Road    | 36          | Medium Rise   | 4           | 8                  | Flat         | No                |

## 16. Schedule of works

16.1 The scope of improvements works included under this phase of the programme will include roof renewal, window and door renewal, rewires, kitchen and bathroom refurbishment and Digital IRS Installation.

### 16.2 Proposed Roof works

16.3 The current dwellings identified in this phase of works have a flat roof. On inspection of the roof it was confirmed that the current condition of the roof was found to be in a poor condition. Although part of the roof covering was obscured by chippings the remainder of the visible sections showed extensive patch repairs and large areas of missing lead flashing to parapet walls etc. Based on observations made at the time of the survey the estimated life cycle of the roof in its current condition, even after necessary repairs was seen to be less than 5 years.

16.4 Following criteria set out by H4H, the roof covering in its current condition will require replacement. The cost comparison between flat and pitch roof has been set out below. Because of the different levels and junctions in between lower, front and upper rear blocks; this compounded with the tile façade and shape of the building would cause practical difficulties to carry out a flat to pitch conversion of the roof. The tiled façade would need to be removed. In addition to this, the design of the pitch roof would need to incorporate numerous valley gutters. Valley gutters are known to be a common source of water ingress, which in future could amount to huge costs in maintenance.

16.5 Therefore in view of the above, we propose to replace the roof with a flat roof. A Life Cycle Costing exercise was completed which looked at the option of replacing the flat roof with a pitched roof. This compared re-roofing with a flat roof covering with a 20 year warrantee with a pitched roof with a 20 year warrantee.

**Flat Roof Renewal Option**

|        | Inflation % Increase | Original/Maintenance Cost | Inflation Cost | Total Costs |
|--------|----------------------|---------------------------|----------------|-------------|
| Year 1 | 5                    | £116,800.00               | £0.00          | £116,800.00 |

**Flat to Pitch Conversion**

|        | Inflation % Increase | Original/Maintenance Cost | Inflation Cost/Year | Total Costs |
|--------|----------------------|---------------------------|---------------------|-------------|
| Year 1 | 5                    | £271,150.00               | £0.00               | £271,150.00 |

16.6 The lifecycle costing showed that the pitch roof is more economical over a 35 year period, and make reasonable assumptions regarding future maintenance and inflation. The initial investment to fund the conversion works is double the cost, which could not be afforded by the programme.

|         |   |             |             |             |
|---------|---|-------------|-------------|-------------|
| Year 35 | 5 | £116,800.00 | £292,000.00 | £447,935.00 |
|---------|---|-------------|-------------|-------------|

|         |   |           |           |             |
|---------|---|-----------|-----------|-------------|
| Year 35 | 5 | £1,300.00 | £3,250.00 | £326,785.00 |
|---------|---|-----------|-----------|-------------|

**Flat Roof Renewal Option**

|  | Inflation % Increase | Original/Maintenance Cost | Inflation Cost | Total Costs |
|--|----------------------|---------------------------|----------------|-------------|
|--|----------------------|---------------------------|----------------|-------------|

**Flat to Pitch Conversion**

|  | Inflation % Increase | Original/Maintenance Cost | Inflation Cost/Year | Total Costs |
|--|----------------------|---------------------------|---------------------|-------------|
|--|----------------------|---------------------------|---------------------|-------------|

**16.7 Planning Approval**

The Planning department were consulted to comment on a proposal to convert the flat roof to a pitch. The comment was as follows “further to my conversation with you I am writing to indicate that the creation of a pitched roof on this building would create an overly dominant roof form. The top floor faced façade to this building already resembles a roof form and as such the creation of a pitched roof above this would give the building a top heavy and overly dominant appearance. The Local Planning Authority would therefore take the view that other design solutions should be considered in this case rather than the creation of a pitched roof”

**16.8 Digital Satellite Provision**

16.9 The provision of an integrated satellite reception system will remove the need of satellite dishes and reduce damage to the fabric of the building. Under this scheme, it is proposed to install IRS (integrated reception system) Sky, Hotbird, Turksat DAB (digital audio broadcasting) radio community channels for residents.

16.10 Residents will be written to and advised to remove their individual dish. Where dishes have not been removed, instructions will be given to the contractor to remove. The relevant tenancy officer will be provided with

the details in order to pursue enforcement action should the dishes be erected after completion of the works.

#### **16.11 Window/Door grills**

16.12 All window and door grills will be removed if required to necessitate the works. The relevant tenancy officer will be provided with the details in order to pursue enforcement action should the grills be fitted after completion of the works.

#### **16.14 Environmental Improvements**

16.15 There are no proposed environmental works during this phase of decent homes works.

#### **16.16 Sustainability**

16.17 The procurement of materials and components to be used during the decent homes programme will involve the selection of products that have a positive impact on the environment. The new windows will improve the thermal efficiency of the properties as well as reduce future maintenance costs.

16.18 The new wiring contains an element of copper; a material that can be recycled at the end of its useful life and will reduce the need for maintenance as testing of the electrical system is carried out after ten years for dwellings and five years for the landlord's services.

16.19 The dwellings that benefit from new kitchen and bathroom replacement will be fitted with two low energy light fittings. The selected kitchen, Premiere, has received the F.I.R.A Gold Award and Kite mark Certification with a life expectancy of thirty years.

16.20 The scheme has been carefully designed where possible to allow for minimising waste during the construction and consideration given to the useful life of the products.

16.21 The contractor is registered and complies with the Considerate Constructors Scheme.

#### **16.22 Conservation Areas**

16.23 In administering the decent homes programmes due regard will be shown for areas that are subject to specific consents relating to conservation.

16.24 For the purposes of this programme, the Planning department has confirmed that there are no conservation consents required



## **17. Leasehold Consultation**

17.1 The Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations') require Homes for Haringey to conduct formal consultation with every leaseholder in the Borough in relation to the appointment of long-term Constructor Partners for the Decent Homes Works. A Notice of Intention to appoint Constructor Partners was sent to leaseholders on the 21 July 2006. The form and content of the Notice was approved by Mr Jonathan Brock, a leading property law Queen's Counsel, before it was issued. In March last year the LVT awarded the Council a dispensation in respect of the appointment of the Constructor Partners.

## **18. Leasehold Implications**

18.1 As a result of applications made under the Right to Buy legislation, there are 8 leaseholders living in the properties affected by the works described in this report. The number of leaseholder dwellings where the Section 125 Notice is within the 5 year period is 1 while the number outside the period is 14. This report provides a breakdown of the costs for each group in paragraph 19.5.

18.2 Under the terms of their lease the lessee is required to make a contribution towards the cost of maintaining in good condition the main structure, the common parts and common services of the building. Such contributions are recovered by the freeholder through the lessees service charge account.

18.3 In accordance with The Service Charges Regulations 2003, under schedule 3, notice was issued on 9<sup>th</sup> October 2008 to expire on 8<sup>th</sup> November 2008.

18.4 The notice gave a description of the proposed works and an estimate for the costs of the works. The statutory consultation commenced on 9<sup>th</sup> October 2008.

18.5 The total amount estimated to be recovered from the 8 leaseholders is £60,512.00 This is broken down as follows:

1. Leaseholders within the 5 year Section 125 period total estimated recoverable charges £4,953.00

2. Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges £55,559.00

18.6 The charges to all 8 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. Each invoice will be calculated on the basis of the stage payments and other costs incurred in respect of the contract during the year. The invoice will be payable

interest free over a period of up to one year. For longer periods interest is chargeable, currently at 7.46%.

18.7 No works commenced on site before the end of the 30-day statutory leaseholder consultation period.

18.8 No leaseholder observations have been received for this project as at the date of insertion of these comments (3rd November 2008).

## **19. Project Management**

19.1 Homes for Haringey, managing this contract on behalf of the Council have appointed a project manager to manage the project team. A risk assessment has been carried out and it will be reviewed at the monthly progress meeting.

19.2 The key members of the project team are as follows:

- Pauline Hinds Strategic Client Representative – Homes for Haringey
- Andy Mace Compliance Team – Rider Levett Bucknell
- Winston Reid Head of Tenancy Management – Homes for Haringey

## **20. Health and Safety Implications**

20.1 All contractors invited to tender 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.

20.2 The Construction (Design and Management) Regulations 2007 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the CDM Co-ordinator before works start on site.

## **21. Conclusion**

21.1 That the procurement committee accept the recommendations outlined in section 3 above.

## **22.0 Use of Appendices/Tables/Photographs**

**Appendices A and B Exempt information**