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Agenda item:

Procurement Committee Meeting

On 24th November 2009

Report Title. North Tottenham Decent Homes Programme 2009/10. NT12	
Report authorised by: Niall Bolger, Director of Urban Environment  24 th Nov. 2009.	
Contact Officer : Pauline Hinds, Strategic Client Representative Tel: 020 8489 1151 Email: pauline.hinds@homesforharingey.org	
Wards(s) affected: Tottenham Hale	Report for: Key Decision
1. Purpose of the report (That is, the decision required) 1.1 This report sets out a detailed programme of works, which relates to various properties in the North Tottenham Area, known as NT12 within the delivery of the Decent Homes Programme. The works outlined in this report are schedule to commence on 5 th April 2010. As such, this report is seeking Procurement Committee approval to award the contract for the works in this project.	
2. Introduction by Cabinet Member 2.1 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. 2.2 Following further consultations, I am now satisfied that this report comprehensively addresses the wider asset management issues for the these properties.	
3. Links with Council Plan Priorities and actions and /or other Strategies: 3.1 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 programme meets the aspirations of residents and Members.

3.2 Homes for Haringey have in place an Asset Management Strategy and Environmental Sustainability Strategy which provide a strategic framework for delivery of the Decent Homes and associated Environmental Improvements programme. The objectives of these strategies are closely linked to the Council's Greenest Borough Strategy, the Sustainable Procurement Strategy, Regeneration Strategy and Asset Management Plan.

3.3 The Decent Homes and Environmental programmes will contribute to the achievement of Council Priorities 1,2,3, and 5 by:

- Improving the environmental performance of Council Housing stock
- Providing a cleaner and greener environment for residents
- Providing decent homes and improving well-being
- Delivering cost effective services through partnering

4. Recommendations

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

- 4.1 To agree an award in principle of the contract for the above Project to the contractor named in 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 be noted.
- 4.2 That finalisation of the award be delegated to the Director of Urban Environment.
- 4.3 The scheme is to be funded from the 2010/11 Decent Homes allocation (see Appendix A). This will require funding to be carried forward from 2009/10.

5. Reason for recommendation(s)

- 5.1 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.
- 5.2 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.
- 5.3 In February 2007, following a robust and extensive partner selection process, administered by Homes for Haringey, four constructor partners were appointed in accordance with EU legislation and the Council's procurement procedures.

6. Other options considered

- 6.1 None applicable.

7. Summary

7.1 The package of works set out in this report forms part of the overall delivery of the Decent Homes Programme

7.1.0 Agreed Maximum Price of this works package

7.1.1 The Agreed Maximum Price is based on the schedule of rates contained within the contractors tender returned 30th November 2006.

7.1.2 The Agreed Maximum Price is the procedure for determining the cost of a project under the Project Partnering Contract (PPC2000) form of contract. The PPC2000 was developed following from the 'Egan Report' and was designed to allow the early appointment of constructors and specialists.

7.2 Background

7.2.1 The 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 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.

7.3 Detailed below is a summary of contractor details:

Total estimated construction cost (excluding fees)	para 2.2 Appendix A
Anticipated Contract start on site	5 th April 2010
Anticipated Contract completion	20 th August 2010
Contract duration	20 weeks
Contractor	para 2.1 Appendix A

7.4 Property address location

7.4.1 This report details the specific works required to the 12 properties in the North Tottenham area and are priced in accordance with the framework agreement. Block 1-23 Dawlish Road has been brought forward from year 5 of the decent homes programme due to urgent works required to the main flat roof.

1-23 Dawlish Road N17

7.4.2 Property Address details

Property Address	No of units	Property Type	Floor level	No of L/holders	Type of existing roof	Conservation Area
Dawlish Road	12	Low rise	3	4	Flat	No

7.5 Schedule of works

7.5.1 The scope of improvements works included under this phase of the programme will include roof renewal, window, roof repairs, extractor fans, asbestos removal, installation of digital aerial system (IRS) and external decorations.

7.5.2.1 Proposed Roof works

7.5.2.2 It is proposed to replace the roof at 1-23 Dawlish Road with a pitched roof.

7.5.3 Life Cycle Costing Analysis

7.5.3.1 The lifecycle costing in Appendix C show that the replacement of the flat roof at Dawlish Road with a pitch roof is cheaper over a 35 year period by £12,900. This saving is deemed to be minimal saving on the budget over this period of time.

7.5.3.2 The total Life Cycle Cost is calculated by adding the total cost of the roof renewal and the Energy Costs.

7.5.3.3 However, Life Cycle Costing is being undertaken for key components as required by the Construction Procurement Group.

7.5.4 Whole Life Costing

7.5.4.1 An assessment has been made on the energy loss where a pitched roof or flat roof is being considered. The indicative figures above represent the potential savings over a 35 year period.

7.5.4.2 Heat will escape through all building surfaces, but heat will escape more readily through flat roofs than pitched roofs. The energy saving to residents by choosing pitched is the cumulative energy cost of all flat roofs, less the energy costs of pitched roofs.

7.5.4.3 Assuming pitched roofs use a 300mm cellulose insulation with a 0.13 U-value; Average annual temperature lift of 19.08°F; No skylights; Gas central heating in all build. Combined saving of £1,234 to residents over the 35 year period. Whilst this demonstrates a saving it is not a significant amount over a period of 35 years.

7.6 Digital Satellite Provision

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

7.6.2 Satellite dishes will be removed as part of the programme to install the IRS system. 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.

7.7 Planning Approval

7.7.1 The Planning department will be consulted under the standard application methods on the above and will advise us on their concurrence with our proposals prior to Procurement Committee.

7.8 Environmental Improvements

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

7.9 Sustainability

7.9.1 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.

7.9.2 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.

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

7.9.4 The pitched roofs will be a lightweight steel roof and will include for loft insulation to 300mm and allow for additional insulation where required.

7.9.5 The provision of pitched roofs where proposed will also provide additional qualities as identified by Sustainability Procurement as follows:

- The incline of the roof will make them more water resistant.
- The nature of the proposed materials tends to make them more fire resistant.
- The cavity in pitched roofs allows for greater potential to further increase insulation.

This leads to:

- Less maintenance costs
- Higher thermal resistance, owing to greater capacity to insulate, (HfH presently install 300mm insulation to loft areas, 50mm above the requirement).
- Lower Insurance premiums as a result of reduced potential for water and fire damage.

7.10 Conservation Areas

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

7.10.2 For the purposes of this programme, the Planning department has confirmed that there are no conservations consents required in this phase.

8. Chief Financial Officer Comments

8.1 On 13th Feb 2007 the Procurement Committee approved framework agreements with Decent Homes contractors and compliance teams, to cover 4 areas. This report details the specific works needed to properties in North Tottenham (NT12), priced in accordance with the framework agreement.

8.2 Members will be aware that the Department for Communities and Local Government has approved the funding for Decent Homes, totalling £198.5m phased over six years, of which £30.0m was approved for 2009/10. In addition, there is an acceleration of allocation from 2010/11 to 2009/10 and the total Decent Homes Capital budget for 2009/10 is now £40.5m. This scheme is included in the funding schedule for 2009/10 as indicated in Appendix B. Any expenditure in respect of leaseholder properties will be funded from leaseholder charges for major works.

8.3 The Decent Homes Budget has recently been externally reviewed. This review confirmed that although the existing budget should be sufficient to fund the remainder of the programme (including the scheme outlined in this report), this is reliant on significant procurement efficiencies being achieved over the remainder of the programme. At this point there is very little scope for additions to the programme or for variations in the form of additional works.

8.4 The works identified within this report have been allowed for in previous projections, however for any future variations to the original planned work, compensatory savings should be identified before works can proceed.

9. Head of Legal Services Comments

9.1 This report is seeking Procurement Committee approval to award a call-off contractor Decent Homes works at 12 properties in the North Tottenham area of the borough to the contractor named in Paragraph 2.1 of Appendix A to this report.

9.2 Cabinet Procurement Committee had on 13th February 2007 granted approval to the award of four Decent Homes Construction 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.

9.3 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.

a. The contractor named in Paragraph 2.1 of Appendix A to this report was awarded the Framework Agreement in respect of the North Tottenham area.

- 9.5 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.
- 9.6 The recommendation is that an award in principle is made with finalisation of the contract award being delegated to the Director. The Procurement Committee has power under S.15 (5) (b) of the Local Government Act 2000 to delegate its functions to an officer of the Council.
- 9.6 The Contract is a key decision and has been included in the forward planning.
- 9.7 The report also states that the Planning Department will advise prior to the Procurement Committee Meeting date if there are any planning issues.
- 9.8 The Head of Legal Services confirms that, provided the Council considers any comments from leaseholders (not yet received) and provided there are no issues arising from the planning department, there are no legal reasons preventing Members from approving the recommendation in Paragraph 4 of this report to award the contract to the Contractor named in Paragraph 2.1 of Appendix A.

10. Head of Procurement Comments.

- 10.1 The selection of the contractor for these works has been undertaken from the Decent Homes contractor framework.
- 10.2 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.
- 10.3 Life cycle costing will need to be completed for the project as a whole.
- 10.4 The Head of Procurement therefore states that the recommendations in this report offer best value for the Council.

11. Equalities and Community Cohesion Comments

- 11.1 Homes for Haringey's Asset Management Strategy, 2007/2017, covers all investment in the Councils housing stock, including decent homes. In drawing up the Strategy, an Equalities Impact Assessment was undertaken. The findings have been incorporated into Homes for Haringey's planning processes for delivering decent homes. This includes ensuring that all residents receive the same standard of work, and consideration of specific language and other needs are identified and addressed when drawing up programmes of work.

12. Consultation

Internal

- 12.1 Homes for Haringey have consulted council officers in the preparation of the proposed year 2-5 programme, which was approved by the Board in July 2008. The Leader of the Council and the Cabinet Member for Housing have been consulted in the formulation of the proposed programme. Ward member comments have also been considered.
- 12.2 Residents have been consulted through the Homes for Haringey Asset Management Panel and Leasehold Panel.
- 12.3 Homes for Haringey have a dedicated team in place to manage resident consultation and involvement throughout programme delivery. They work closely with the constructor partners' Resident Liaison Officers.

External

- 12.4 Homes for Haringey has carried out detailed consultation with the residents that will be effected by the works set out in this report. Residents' meetings were held on the 15th July and 6th August and 11 residents attended in total. The Ward Members were invited to attend. This was followed by a newsletter to residents within 10 days of the meetings.
- 12.5 Leasehold consultation forms part of the overall consultation process and is a statutory requirement. Details of this are set out below.
- 12.6 The Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations') require Homes for Haringey to conduct formal consultation with every leaseholder in the Borough. 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 dispensation in respect of the appointment of the Constructor Partners.
- 12.7 **Leasehold Implications**
- 12.8 As a result of applications made under the Right to Buy legislation, there are 4 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 nil while the number outside the period is 4.
- 12.9 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.
- 12.10 In accordance with The Service Charges Regulations 2003, under schedule 3, notices will be issued on the 5th December 2009.
- 12.11 The notice will give a description of the proposed works and provide details for the

cost of the works. The statutory consultation will commence on the 5th December 2009.

12.12 The total amount estimated to be recovered from the leaseholders is TBC
This is broken down as follows:

1. Leaseholders within the 5 year Section 125 period total estimated recoverable charges is nil.
2. Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges £TBC

12.13 The charges to all 4 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%.

12.14 No works will commence on site, nor will instructions be given to commence work on site, until completion of the notice period .

12.15. A supplementary note referring to observations from leaseholders will be sent to the committee.

13. Service Financial Comments

13.1 Please note comments of the Chief Financial Officer's comments in paragraph 8 of this report.

14. Use of appendices /Tables and photographs

- 14.1 Appendix A AMP cost and breakdown
- 14.2 Appendix B, Expenditure to date (attached)
- 14.3 Appendix C, Life Cycle cost details.

15. Local Government (Access to Information) Act 1985

15.1 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.

15.2 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):

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

APPENDIX B

Decent Homes Expenditure to date 2009/10

Area	Report Number	Agreed Maximum Price by work package	Start on Site	Finish on site
South Tottenham	ST10	£ 6,441,547.80	09/02/09	21/09/09
South Tottenham	ST11	£ 3,905,688.38	20/04/09	23/04/10
South Tottenham	ST13	£ 1,400,000.00	05/10/09	20/08/10
North Tottenham	NT10	£ 3,394,475.55	31/03/09	04/12/09
North Tottenham	NT11	£ 5,408,705.31	20/07/09	06/08/09
North Tottenham	NT12	£ 306,432.16	11/01/10	30/04/10
Wood Green	WG15	£ 3,855,088.16	12/05/09	10/11/09
Wood Green	WG16	£ 3,870,307.00	14/09/09	15/03/10
Hornsey	HO7	£ 7,276,061.50	06/04/09	31/03/09
Hornsey	HO8	£ 3,498,100.20	06/04/09	25/03/10
Hornsey	HO9	£ 483,662.15	14/12/09	19/03/10
Total		£ 39,840,068.21		

APPENDIX C

1-23 Dawlish Road N17

Flat Roof Renewal Option

	Inflation % Increase	Original/ Maintenance Cost	Inflation Cost	Total Costs
	3	£70,705.40	£0.00	£70,705.40

Flat to Pitch Conversion

	Inflation % Increase	Original/ Maintenance Cost	Inflation Cost/Yr	Total Co
	3	£119,840.72	£0.00	£119,940

Flat Roof Renewal Option

	Inflation % Increase	Original/ Maintenance Cost	Inflation Cost	Total Costs
	3	£300.00	£615.00	£174,974.60

Flat to Pitch Conversion

	Inflation % Increase	Original/ Maintenance Cost	Inflation Cost/Yr	Total Co
	3	£1,300.00	£2,665.00	£163,301

Energy Costs for 1-23 Dawlish Road N17

3 floors - Roof area 358m²= £5,215.00(Flat Roof), £3,981.00(Pitched)
Total Life Cycle Costs (35 yr): £180,189.60 (Flat Roof), £167,282.20 (Pitched Roof)