

Report for: Cabinet Member Signing – The Cabinet Member for Housing and Planning

Title: Stellar House – Award of Contract for Major Refurbishment Programme

Report authorised by: Jonathan Kirby – Director of Placemaking & Housing.

Lead Officer: Christian Carlisle – Assistant Director of Asset Management

Ward(s) affected: Northumberland Park

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration.

- 1.1. In line with Contract Standing Order (CSO) 16.02, this report seeks approval from the Cabinet Member for Housing and Planning to award a contract for the major refurbishment programme at Stellar House.
- 1.2. The works to Stellar House includes structural repairs to all elevations, replacement of flat entrance doors, fire doors to communal stairwells, emergency lighting, replacement of windows to dwellings and communal areas, replacement of soil and vent pipes, renewal of lateral mains and other external and communal building fabric repairs and redecorations to include the application of fire rated coatings to all previously painted elements.

2. Cabinet Member Introduction

Not applicable.

3. Recommendations

That the Cabinet Member for Housing and Planning:

- 3.1. In line with Contract Standing Order (CSO) 16.02, approve the award of contract to Tenderer A (as set out in Appendix A), to a total value of £6,612,850.35.
- 3.2. Approves a Letter of Intent to be issued to the contractor for a value of no more than £100k prior to issue of the formal contract. The Letter of Intent will enable the contractor to place an order with their supply chain to enable the programme to be met.

4. Reasons for decision

- 4.1. The works to Stellar House have been identified following the Council's instruction to John Rowan and Partners LLP (JRP) in May 2022, to undertake an options appraisal and feasibility study to assess the condition of the block for a major works programme.
- 4.2. The feasibility study concluded that major works are required to the block, and these range from the replacement of windows to dwellings and communal areas, replacement of front entrance and communal fire doors, structural repairs, and fire upgrade / improvements to the common parts and the general upgrade to the main fabric of the building.

5. Alternative options considered.

- 5.1. Do nothing is not an option as the feasibility study carried out by JRP revealed essential works to ensure compliance with current fire safety and building regulations. The study also revealed significant works which will not only prolong the life of the building by replacing key elements but will also provide a safe and healthy environment for the residents.
- 5.2. The only option available to the Council is to accept the recommendations put forward by JRP to develop a major works project and procure a suitable contractor to deliver the scheme in accordance with the outline budget and programme.

6. Background information

- 6.1. Stellar House is a residential purpose-built 19 storey block located on High Road Tottenham N17. There are 106 self-contained units, of which 104 are 1-bedroom and 2 are 2-bedroom apartments.
- 6.2. The block has a concierge facility and community room on the ground floor, along with electrical intake, plant rooms and storage facilities for caretaking staff and other non-resident users.
- 6.3. John Rowan and Partners (JRP) were commissioned via the SEC (South East Consortium) Framework to act as multi-disciplinary consultants. The commission included providing Employer's Agent, Contract Administration, Cost Consultant and Principal Designer services for the delivery of the major works programme to Stellar House. The fees charged for these services have been calculated based on the agreed percentages under the terms of the SEC (South East Consortium) Framework. Details of the fees are shown in Appendix A.
- 6.4. In May 2022, JRP carried out an options appraisal and feasibility study of the block. This included a building condition survey of the external parts including the roof, main building structure such as windows and spandrel panels, flat entrance doors and the internal communal parts.
- 6.5. Prior to undertaking the study, JRP had access to the repairs history of the block, asbestos survey information, structural risk assessment carried out by Ridge and

Partners, project brief provided by Haringey, Type 4 FRA information, EPCs, block plans and other relevant information required to conclude the study and make recommendations for the major works programme.

- 6.6. JRP's recommendations were placed into categories A-D, where category A considers the building component to be in good condition, and category D is considered urgent.
- 6.7. The uPVC windows and spandrel panels were identified as having a high fire safety risk to the block and was therefore placed into category D - meaning these components require urgent replacement. The front entrance and communal fire doors were regarded as being in poor condition, along with fire compartmentation to the communal areas, roof coverings, emergency lighting, lightning protection, decorations to communal areas, edge protection to main roof and the external brickwork.
- 6.8. Following a structural defect in May 2023 which resulted in the failure of a brick panel above the main entrance to the block, a standalone structural survey was commissioned to assess the performance of the brickwork to all elevations. The survey was carried out by Conisbee, who were commissioned by JRP. The survey concluded that there are significant defects to the external brickwork to all elevations, and remedial works are required to stabilise these elements.
- 6.9. JRP's feasibility study and the further structural survey carried out by Conisbee was used to develop the scope of works for the block. Stakeholder consultant was held with Building Safety, M&E, Safer Estate for cctv and security, ASB – Community Safety, Building Control and Planning.
- 6.10. The final scope of works was agreed December 2023 and distributed to key stakeholders for comment prior to tender documents being prepared to invite contractors to bid for the works. Prior to inviting contractors to bid, the Council fulfilled its obligations in line with the requirements of Section 20 of the Landlord and Tenants Act 1985 as detailed below.
- 6.11. The council's standard right to buy lease provides for a proportionate part of the costs of the major works programme to Stellar House of which the flats form part to be recharged to leaseholders. There are 16 flats occupied by leaseholders affected by these works.
- 6.12. Leasehold consultation was undertaken and concluded in line with the requirements of Section 20 of the Landlord and Tenants Act 1985. An initial Notice of Intent was issued on 22 March 2023 to the leasehold flats affected, and no observations or nominations were received.
- 6.13. Notice of estimates were issued on 23 August 2024 to the leasehold flats affected. The period for providing observations in response expired on 25 September 2024.

- 6.14. The Council received no formal observations from leaseholders, however individual meetings were held upon request and leaseholders were advised on the scope of works, programme and the various payment options available. Contact details for further information was also provided.
- 6.15. The total amount rechargeable to leaseholders is estimated at £423,858.02, with an average leaseholder charge per unit of £26,444.76.
- 6.16. The above figures reflect the restrictions placed upon the Council under Part 5 of the Building Safety Act 2022 (“the Act”). Part 5 of the Act contains a number of complex provisions which prevent or limit the Council’s ability to recover service charges from its leaseholders (“tenants”) where it undertakes works to remedy **“relevant defects”** in **“relevant buildings”**.
- 6.17. Following completion of the design process and the final scope of works being agreed, a specification of works and tender documents were written. The tender was published on the London Construction Programme (LCP) Dynamic Purchasing System (DPS) by a Haringey Council Procurement Officer on 15 January 2024.
- 6.18. Completion of the specification and drafting of the contract documents was carried out with support from Strategic Procurement - who also managed the tender process.
- 6.19. Tenders were invited on 15 January 2024 and based on 50% quality, 10% social value and 40% cost. The quality assessment included an evaluation of the bidders’ technical ability, experience of similar projects, approach to resident liaison, management of design and collaboration with the design team, programming, quality and risk management, cost and quality control, and the management of the process involved in securing Building Safety Regulator Approval for the project.
- 6.20. The quality assessment also had a series of due diligence questions relating to minimum turnover i.e., bidders need to show they have a turnover of no less than 1x2 the contract value, along with a minimum Delphi Score of 51 or higher. Bidders also need to provide evidence having adequate levels of insurance as set-out in the Invitation to Tender.
- 6.21. Tenders were received from 15 bidders on 25 March 2024. John Rowan and Partners (JRP) began analysis of the bids on 26 March 2024 and issued the final tender report dated 11 June 2024.
- 6.22. The tender report included a detailed analysis of the financial bids of each contractor. This process was managed by John Rowan and Partners with support from Haringey’s Commercial Manager.
- 6.23. The quality scores were evaluated with support from John Rowan and Partners and Haringey’s Senior Project and Regeneration Managers. The moderation was managed by Haringey’s Strategic Procurement Officer and the final scores were sent to John Rowan and Partners to incorporate into the tender report.

- 6.24. John Rowan and Partners issued clarifications to all bidders during the tender analysis period. These covered matters such as bidders being asked to confirm their prelims and overheads and profits, and formalising other priced items.
- 6.25. Following final clarifications and the review of the quality and priced elements, the table below sets out the final rankings for the 15 bids received.

Tenderer	Tender Price	Cost (40%)	Quality (50%)	Social Value (10%)	Total Score (%)
A	£6,612,850.35	38.14	41.00	7.15	86.29
B	£6,808,092.95	37.25	41.00	6.55	84.80
C	£6,344,253.86	38.86	34.50	7.00	80.36
D	£6,351,037.07	39.21	31.00	5.95	76.16
E	£7,409,866.11	34.23	31.50	6.58	72.31
F	£6,968,357.76	36.87	27.50	4.90	69.27
G	Non-Compliant Bid	-	-	-	-
H	Non-Compliant Bid	-	-	-	-
I	Non-Compliant Bid	-	-	-	-
J	Non-Compliant Bid	-	-	-	-
K	Non-Compliant Bid	-	-	-	-
L	Non-Compliant Bid	-	-	-	-
M	Non-Compliant Bid	-	-	-	-
N	Non-Compliant Bid	-	-	-	-
O	Non-Compliant Bid	-	-	-	-

- 6.26. Bidders G-O either failed to achieve the minimum quality score of 3 for Experience, Health and Safety and Resident Engagement, or they may have failed to achieve the minimum Delphi credit score of 51. Therefore, they were withdrawn from the process.
- 6.27. Following completion of the tender exercise to procure a suitably qualified and experienced contractor to deliver the major works programme to Stellar House, it is recommended that Tenderer A is awarded the contract in the sum of £6,612,850.35.
- 6.27.1 Tenderer A scored 7.15% out of 10% for social value. As part of the tender invitation, they were invited to set-out their delivery plan, targets for achieving social value, and their monitoring processes for ensuring their commitments and benefits to the project and wider community are met. Tenderer A's financial social value commitment is shown in Appendix A.
- 6.28. It should be noted that this is not the first attempt to secure a suitably qualified contractor to carry out the major works to Stellar House. A previous procurement exercise managed by Strategic Procurement and Asset Management was approved via the LPC Framework – Lot 1.2 Pan London £5m-£10m category.
- 6.29. There are seven contractors on Lot 1.2, and all were invited to submit tenders for the works. Only 1 compliant bid was received, and the general quality of the other bids were considered less than what is expected for the value and complexity of the project. For this reason, it was agreed between the teams that the project should be procured as an open tender via the DPS (Dynamic Purchasing System). This approach was considered the best option, because the tender would reach a wider audience, and allow for a series of pre-qualification questions concentrated around turnover, health and safety and resident

engagement. It was felt that this would ultimately result in more competitive and better-quality bids.

- 6.30. The success of this approach can be seen in the number of tender returns, and the effectiveness of the due diligence questions which enabled the team to disqualify bidders who could not demonstrate a clear ability to manage and deliver the works.
- 6.31. The projected spend profile is shown in the following table. The project will be funded from Asset Management's Capital Works Programme. Funding will accommodate all works executed on the project and will extend over 3 financial years from 24/25 to 26/27 as shown in the table below.

Description	Year 1 (24/25) £'000	Year 2 (25/26) £'000	Year 3 (26/27) £'000
Stellar Hse – Major Works Programme	£950	£5497	£165.850

7. Contribution to strategic outcomes

- 7.1. This project will help to theme 5 of the Corporate Delivery Plan, A borough where everyone has a safe, sustainable, stable, and affordable home.

8. Carbon and Climate Change

- 8.1 Haringey Council made a commitment to be a Net Zero Carbon Borough by 2041. The Major Works Programme to Stellar House will help to achieve this by firstly reviewing the scope of works with the appointed consultants to determine what measures can be incorporated into the programme that will assist the Borough in its aspirations for Net Zero Carbon by 2041.
- 8.2 The project team noted that the main element of work that will impact on reduced carbon is the replacement of windows including spandrel panels and doors to balconies and communal areas. These elements have been carefully selected to ensure they meet the minimum requirements as set-out in Approved Document L of the Building Regulations. Other elements such as lighting to communal and external areas have been selected to reduce energy consumption and extend the time-period between maintenance cycles.
- 8.3 As part of the invitation to tender, bidders were required demonstrate their commitment to achieving the Gold Standard for the Fleet Operator Recognition Scheme (FORS). The appointed contractor and their supply chain must show best practice in the management of their fleet in matters such as safety, efficiency, and environmental protection. This means that the works to Kenneth Robbins House will be managed by a company who considers the environmental impact of the works on the local community and takes measures to reduce carbon when operating vehicles and delivering the project.

8.4 Reducing the environmental impact and carbon consumption will include ensuring that materials are purchased locally where possible, to avoid long sustained journeys through London and the local areas. Employing local labour via the contractor's Social Value commitment will also contribute to the Council's Net Zero commitments, as this will provide local employment opportunities which in-turn will reduce the need for travel outside the Borough and thus help to reduce carbon consumption.

8.4 It is believed that the above measures will contribute to Haringey's commitment to be a Net Zero Carbon Borough by 2041.

9. Statutory Officer Comments (Director of Finance (procurement), Assistant Director of Legal and Governance, Equalities)

9.1 Finance

The report recommends award of contract of refurbishment over 3 financial years at a total contract sum of £6.613m

This project is included/not included in Existing Stock Investment Programme budget approved by full council in March 2024.

The contract cost is projected to be spent as shown below.

Financial year	Total
2024/2025	£0.950m
2025/2026	£5.497m
2026/2027	£0.166m
Total	£6.613m

The expenditure of £0.950m in 2024/25 will be met from the existing stock capital works programme 2024/25 budget. Of the sum in 2024/25, £0.036m has already been spent.

The remaining projected expenditure of £5.663m will be contained within the existing stock capital programme 2024/25-29 MTFS.

It is estimated that contribution to the cost of the project from leaseholders will be circa £0.424m.

Further finance comments are contained in the exempt report.

9.2 Procurement

Strategic Procurement (SP) note that this report relates to the approval to award a contract to Tenderer A to undertake major refurbishment work at Stella House.

SP note that a competitive tender was launched via the LCP's Minor Works DPS. The adopted procurement is in line with Contract Standing Order (CSO) 9.04.1(b) and Regulation 34 of the Public Contract Regulations.

The Tenderers' bid submissions were evaluated in accordance with the scoring methodology contained within the published Invitation to tender document.

Bid evaluation was based on price and quality and the preferred bidder's submission demonstrates value for money.

SP support the recommendation to approve the award in accordance with CSO. 9.07.1 (d) and 16.02.

9.3 Assistant Director of Legal and Governance

The Assistant Director of Legal and Governance has been consulted in the preparation of this report.

The works are above the threshold where the tendering requirements set out in the Public Contracts Regulations 2015 (the Regulations) apply.

The Council has conducted a tender exercise via the Council's LCP DPS Minor Works lot. Use of a DPS is a compliant process provided for under Reg 34 of the Regulations. It is also included in the Council's Contract Standing Orders (CSO 9.04.1 (b)).

As this award is a Key Decision, it would normally be approved by Cabinet under CSO 9.07.1 (d) (award of contracts valued at £500,000 or more). Inbetween meetings of the Cabinet, the Leader may take any such decision or allocate to the Cabinet Member with the relevant portfolio (CSO 16.02). The Cabinet Member for Housing and Planning has power to approve the recommendations under CSO 16.02.

The Cabinet Member also has power to approve the issue of a letter of intent prior to execution of the formal contract (CSO 9.07.3).

The terms of the Council's standard right to buy lease permit recharge of a proportion of the cost of these works from leaseholders, subject to compliance with the consultation requirements set out in the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the statutory provisions").

Permissible recharges are limited by Part 5 and Schedule 8 of the Building Safety Act 2022 ("the Act") which came into force on 28 June 2022. The Act applies where the Council undertakes works to remedy "**relevant defects**" in "**relevant buildings**". Relevant defects are defects, arising from construction, conversion or remediation works carried out after 28 June 1992, that cause a risk to the safety of people in the building from spread of fire or collapse of the building or part of it. Stellar House is a relevant building.

Officers have identified such works and excluded their cost from the estimated leaseholder recharge – see 6.15 and 6.16 under "Leasehold Implications" above.

The statutory provisions set out a two-stage process for consultation with leaseholders, the first setting out the proposed works and inviting comments thereon and nomination of a contractor from whom to seek an estimate, and the second, after obtaining estimates, setting out estimates and inviting comments; in each case the leaseholder is to be given a minimum of 30 days to respond. The Council must have regard to any comments made, and obtain an estimate from a nominated contractor if one (or more) is nominated.

Where the Council decides to award the contract to a contractor who did not submit the lowest estimate, it must within 21 days of entering into the contract serve a further notice on leaseholders stating its reasons for awarding the contract, and summarising any observations received at the second stage of consultation and its response to them.

Details of the Council's compliance with those provisions are set out in the body of this report under "Leasehold Implications". Legal Services have considered the form of the notices served and confirm that they comply with the statutory provisions. The decision maker must conscientiously take account of the observations made by leaseholders in making this decision.

The Assistant Director for Legal and Governance confirms that there is no legal reason preventing the Cabinet Member for Housing and Planning from approving the recommendations in this report.

9.4 Equality

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.4.1 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.4.2 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

8.4.3 The decision is regarding the award of a major works contract for the improvement and upgrade to Stellar House. These works are essential to ensure our residential buildings adequately provide a suitable means of escape in the event of fire and separation between the dwellings and the communal areas, and have good modern facilities, and where facilities are not being renewed, the existing services are in a good state of repair and meets current regulations and standards.

- 8.4.4 Data held by the council suggests that women, young people, disabled people and BAME people and naturally low-income people are over-represented among those living in council housing. These improvement works should there for be expected to have a positive impact on those that share the protected characteristics.
- 8.4.5 As an organisation carrying out a public function on behalf of a public body, the contractor will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the major works does not result in any preventable or disproportionate inequality.

10. Use of Appendices

- 10.1 Exempt Report – **Appendix A**
- 10.2 Leasehold Observations – **Appendix B**

11. Local Government (Access to Information) Act 1985

- 11.1 Exempt information will include commercially sensitive information for the successful bidder.