



Haringey Council

Agenda item:

Procurement Committee Meeting

On 30th March 2010

Report Title. North Tottenham Decent Homes Programme 2010/11 NT16

Report authorised by: Niall Bolger, Director of Urban Environment

N Bolger 22/03/10

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Wards(s) affected: Northumberland Park

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 NT16 within the delivery of the Decent Homes Programme. The works outlined in this report are scheduled to commence on 19th 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.

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

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

To award 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 The scheme is to be funded from the 2010/11 Decent Homes allocation (see Appendix A).

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	19 th April 2010
Anticipated Contract completion	24 th September 2010
Contract duration	23 weeks
Contractor	para 2.1 Appendix A

7.4 Property address location

7.4.1 This report details the specific works required to the 180 properties in the North Tottenham area and are priced in accordance with the framework agreement.

Charles House, Love Lane, N17
 Ermine House, Moselle Street, N17
 Moselle House, William Street, 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
Charles House	60	High rise	10	7	Flat	No
Ermine House	60	High rise	10	6	Flat	No
Moselle House	60	High rise	10	5	Flat	No

7.5 Schedule of works

7.5.1 The scope of improvements works included under this phase of the programme will include renewal of flat roof, replacement of windows, installation of extractor fans, asbestos removal, cavity wall insulation, brickwork and concrete repairs and external decorations.

7.5.2.1 Proposed Roof works

7.5.2.2 It is proposed to replace the roofs with a flat 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 with a flat roof is cheaper over a 35 year period by £131,425.00.

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 Life cycle costings are being undertaken for key components as required by the Construction Procurement Group. A life cycle cost analysis has recently been produced for the decent homes main elements, kitchen, bathrooms, boilers, windows and roofs. This is awaiting verification.

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 £3,900.00 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 Planning Approval

7.6.1 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.

7.7 Environmental Improvements

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

7.8 Sustainability

- 7.8.1 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.
- 7.8.2 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.
- 7.8.3 The contractor is registered and complies with the Considerate Constructors Scheme.
- 7.8.4 The new flat roof will be a Langley High Performance warm roof system incorporating 100mm/140mm Paraform Ultra insulation to achieve a minimum U-value of 0.25 W/m²K to improve the thermal qualities of the roof. The life expectancy of flat roofs has improved over the years with increased levels of thermal performance. The replacement of the roof comes with a 20 year insurance backed guarantee.

7.9 Conservation Areas

- 7.9.1 In administering the decent homes programmes due regard will be shown for areas that are subject to specific consents relating to conservation.
- 7.9.2 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 The cost of the works outlined in this report can be met from the 2010-11 Capital budget for Decent Homes. Total costs of the project are subject to continuous review and at present the overall project is deemed to be within budget.

9. Head of Legal Services Comments

- 9.1 This report is seeking Procurement Committee approval to award a call-off contract for Decent Homes works at 18 properties in the North Tottenham area of the borough (details of which are set out in paragraphs 7.4 and 7.5 of the report) to the contractor named in paragraph 2.1 of Appendix A to the 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 advisors (Trowers and Hamlins) who provided legal advice on the procurement of the Framework Agreements.

- 9.4 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 11.03.
- 9.6 The Head of Legal Services is satisfied that statutory leaseholder consultation has been carried out to date (03 March 2010) in accordance with the relevant Regulations. Members should be aware that leaseholder consultation had not been completed at the date of these comments (03 March 2010). See further comments at paragraph 12.14 below
- 9.6 The contract is a key decision and, as such needs to be included in the Council's Forward Plan (in accordance with CSO 11.04). The Director of Urban Environment Directorate has confirmed that this has taken place.
- 9.7 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 (03 March 2010) and the expiry date of the statutory leaseholder consultation period, and providing there are no issues arising from the Planning Department, there are no legal reasons preventing Members from approving the recommendations in this report.

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 A Life cycle costing exercise is currently being undertaken for key components and 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 affected by the works set out in this report. A residents' meeting was held on 27th January 2010 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 meeting.
- 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') required Homes for Haringey to conduct formal consultation with every leaseholder in the Borough before entering into the Constructor Partner and Compliance Team long term agreements. A Notice of Intention to appoint Constructor Partners and Compliance Teams was sent to leaseholders in 2006. The content of the Notices was approved by Mr Jonathan Brock, a leading property law Queen's Counsel, before it was issued. In March 2007 the Leasehold Valuation Tribunal awarded a dispensation from some of the statutory consultation requirements in respect of the appointment of the Constructor Partners and Compliance Team.

12.7 Leasehold Implications

- 12.8 As a result of applications made under the Right to Buy legislation, there are 18 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 2 while the number outside the period is 16.
- 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 Schedule 3 of The Regulations notices were issued on the 19th

February 2010 and the time for observations from leaseholders will expire on the 20th of March 2010.

12.11 The notice gave leaseholders a description of the proposed works and provided leaseholders with an estimate for the cost of the works. The 30 day statutory consultation period commenced on the 19th of February 2010.

12.12 The total amount estimated to be recovered from the leaseholders is £195,135.87

This is broken down as follows:

1. Leaseholders within the 5 year Section 125 period total estimated recoverable charges is £19,149.35.

2. Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges £175,986.52.

12.13 The charges to all 18 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 The Council must not enter into an agreement to carry out the works or give instructions to commence work on site, until completion of the 30 day statutory leaseholder consultation period on the 20th of March 2010. The Council must have regard to any observations made by leaseholders and must respond in writing to those observations provided the observations are received on or before the 20th of March 2010.

12.15 No observations were received.

13. Service Financial Comments

13.1 The cost of works within this report is to be funded from the decent homes budget allocation of £33.5m for 2010/11. There is also a provision of £267,000 from the Social Housing Energy Saving Programme for the cavity wall insulation works. Value for money has been achieved in the project through approved framework agreements. There is also an agreed maximum price for the works.

Over all the decent homes 5 year programme has achieved efficiency saving through an annual value for money review process that is ongoing . The exercise concluded in 2009/10 will see an average saving on the previous rates of 13.1%, applicable to the balance of the programme. The new rates have been applied to all the current work packages for 2010/11 and represent a net saving on 2008/09 and 2009/10 rates. The new rates are comparable to current market rates and represent good value for money. "These rates mean that the tender cost within this report is within the assumed cost when the £198m Decent Homes budget was initially allocated"

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 2010/11

Area	Report Number	Agreed Maximum Price by work package	Start on Site	Finish on site
Hornsey	Phase 12	£6,699,091.41	29/03/10	31/03/11
Hornsey	Phase 13	£3,365,764.50	29/03/10	05/04/11
South Tottenham	Phase 14	£2,190,000.00	09/11/09	29/10/10
North Tottenham	Phase 13	£ 334,423.82	01/03/10	02/07/10
North Tottenham	Phase 14	£2,301,006.89	05/04/10	20/08/10
Wood Green	Phase 17	£2,986,513.23	05/04/10	18/03/11
South Tottenham	Phase 15	£5,617,311.65	12/04/10	11/03/11
North Tottenham	Phase 16	£2,094,838.63	19/04/10	24/09/10
TOTAL		£25,588,950.13		

Service Financial Implications.

**Constructor
Compliance Team**

**Lovell Partnership
John Rowan and Partners**

North Tottenham Phase 16 (NT16)							2009/10
Scheme description (elemental works)	Source of funding	Allocated budget	Estimated cost £	Variance	Traffic light signal	Comments	
Survey (incl Asbestos)	DH	£1,200.00	£1,200.00	0			
Asbestos survey	DH	£0.00	£0.00	0			
Kitchen and bathroom	DH	£128,385.00	£128,385.00	0			
External Doors	DH	£0.00	£0.00	0		Extract fans only	
Window Replacement	DH	£599,080.02	£599,080.02	0			
Scaffolding / Hoarding	DH	£422,470.86	£422,470.86	0			
Mechanical and electrical	DH	£298,767.10	£298,767.10	0			
Decorations	DH	£25,275.60	£25,275.60	0			
Roof works	DH	£173,576.40	£173,576.40	0			
Roof (street properties)	DH	£0.00	£0.00	0			
Insulation (cavity wall)	DH	£33,949.50	£33,949.50	0			
External fabric repairs	DH	£174,413.00	£174,413.00	0			
Drainage	DH	£1,500.00	£1,500.00	0			
Lightning protection test	DH	£1,185.00	£1,185.00	0			
Risk register	DH	£43,140.00	£43,140.00	0			
Preliminaries	DH	£234,370.02	£234,370.02	0			
Overheads and Profit	DH	£147,083.63	£147,083.63	0			
Sub Total		£1,985,629.03	£1,985,629.03	0			

Additional works outside of DH programme