



Haringey Council *

Agenda item

[No.]

Procurement Committee Meeting

on 30th March 2010

Report Title. South Tottenham Decent Homes Programme 2010/11. Phase ST15.

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

NPBolger 22/03/10

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Wards(s) affected: **St Anns Ward**

Report for: **Key Decision**

1. Purpose of the report.

1.1 This report sets out a detailed programme of works as it relates to various properties known as ST15 within the delivery of the Decent Homes Programme. The works outlined in this report are for Braemar Road, Culvert Road, Edgecot Grove, Helston Court, Kerswell Close, Lydford Road, Oulton Road, Pagin House, Russell Road, Southey Road and Victoria Crescent and are scheduled to commence on the 12th April 2010. As such, this report is seeking Procurement Committee approval to award the contract and proceed with the works in this phase.

2. Introduction by Cabinet Member

- 2.1 Once again, in accordance with our stated commitment to improve the quality of homes for our tenants and to meet the housing need, this report informs the Members of the procurement committee about the current packages of work about to commence under the Decent Homes programme, as it is being delivered by Homes for Haringey.
- 2.2 Following appropriate reconnaissance, I am satisfied that this report comprehensively addresses the wider asset management issues for these properties.

3. State link(s) 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:
- 4.2 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.
- 4.3 The scheme is to be funded from the 2010/11 Decent Homes allocation.

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 the Council's procurement procedures.

- 5.4 In January 2008, the Department of Communities and Local Government (DCLG) confirmed the Council's overall indicative decent homes funding allocation in the sum of £198.58m. This includes £11.4m earmarked for environmental projects.
- 5.5 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/ALMO's.

6. Other options considered

- 6.1 None applicable.

7. Summary

7.1 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. Subsequently, improved revised schedule of rates have been agreed with the constructor partners arising from Value Engineering, agreement of which will be signed off in late February.

7.1.2 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.

7.2 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.

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	12 th April 2010
Anticipated Contract completion	11 th March 2011
Contract duration	48 weeks
Contractor	para 2.1 Appendix A

7.4 Property address location

7.4.1 This report details the specific works required to the 463 properties in the South Tottenham 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:

Braemar Road 8 – 32 (evens) excl no10.

Culvert Road 1 – 59 (odd)

Edgecot Grove, 1 – 168 (incl)

Helston Court 1 – 46 (incl)

Kerswell Close 1 – 15(odd), 16 – 36, 38 – 50 (even)

Lydford Road 16, 18, 20, 22, 23, 24, 28, 30, 34.

Oulton Road 6, 8, 10, 46a/b.

Russell Road 1 – 9 (incl), 10 – 40 (even), 21, 61, 71 – 111 (odd).

Southey Road 24 – 50 (even) except 30 and 44, 70 – 82 (even), except 74.

Victoria Crescent 2 – 162 (even)

Pagin House 1 – 16 (incl)

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
Braemar Road	12	Low rise		5	Pitch	No
Culvert Road	30	Low rise		17	Pitch	No
Edgecot Grove	163	Med rise		54	Flat	No
Helston Court	46	Med rise		15	Pitch	No
Kerswell Close	36	Low rise		17	Pitch	No
Lydford Road	9	House		0	Pitch	No
Oulton Road	5	House		2	Pitch	No
Russell Road	47	Low rise		17	Pitch	No
Southey Road	19	Low rise		3	Pitch	No
Victoria Crescent	80	Low rise		33	Pitch	No
Pagin House	16	Med rise		3	Flat	No

7.5 Schedule of works

7.5.1 The scope of improvements works included under this phase of the programme will include internal rewires, window and front door renewal, roof renewal, kitchen and bathroom refurbishment, asbestos removal, central heating/boiler renewal, smoke detectors and insulation.

7.5.2 In addition to the above, it has been identified that a surface water drainage problem exists emanating from the walkways on Edgecot Grove. Building Services are currently investigating the exact cause and remedy.

7.5.3 It is essential that this issue be resolved prior to any decent homes internal works being carried out to prevent damage and therefore, any works required to be carried out by the decent homes contractor to assist in resolving this issue will be investigated. The costs for this aspect of work will not be charged to the decent homes budget.

7.5.4 Proposed Roof works

7.5.4.1 The roofs to Pagin House and Edgecot Grove are currently flat roofs. The life cycle costs for these are recorded below.

7.5.4.2 Edgecot Grove has existing double glazed windows therefore, therefore it is proposed to replace the roof with a flat roof as this can be carried out using a roof perimeter scaffold. In order to replace the roof with a pitched roof would require full height scaffolding. This is reflected in the initial cost as well as the 35 year life cycle cost (see below analysis 7.5.3.1)
The flat roof to Pagin House requires a new roof and it is proposed to install a 'cut to falls' flat roof as this demonstrates a favorable option financially both at installation and over a 35 year life cycle analysis (see below analysis 7.5.4.3.2)

7.5.4.3 Life Cycle Costing Analysis.

7.5.4.3.1 Edgecot Grove

Flat Roof Renewal					Flat to Pitch Conversion				
	Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs		Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Costs
	5	632,484	0	632,484		5	1,055,449	0	1,055,449

Flat Roof Renewal					Flat to Pitch Conversion				
	Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs		Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Costs
Y35	5	632,484	660,096	1,292,580	Y35	5	1,055,449	317,633	1,373,082

Energy loss for **Edgecot Grove**

4 floors - Roof area 2,928m² = £42,654.20 (Flat Roof), £25,611.44. (Pitched)

7.5.4.3.2 **Pagin House**

Flat Roof Renewal					Flat to Pitch Conversion				
Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs		Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Cost	
5	68,210	0	68,210		5	111,303	0	111,303	

Flat Roof Renewal					Flat to Pitch Conversion				
Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs		Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Cost	
5	68,210	77,611	145,821		5	111,303	33,497	144,800	

Energy loss for **Pagin House**

4 floors - Roof area 391 m² = £5,695.96 (Flat Roof), £3,420.05 (Pitched)

7.5.4.4. 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, kitchens, bathrooms, boilers windows and roofs. This is awaiting verification.

7.5.5 Whole Life Costings.

7.5.5.1 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.

7.5.5.2 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 builds.

Combined saving of £19,318.67 to residents over the 35 year period.

7.6 Digital Satellite Provision

7.6.1 No installation of Digital IRS will be carried out under this phase of work.

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 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.

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

7.9.4 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.

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

7.9.6 All new windows will be double glazed and adhere to Part 'L' of the Building regulations.

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 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.
- 8.2 Any expenditure in respect of leaseholder properties will be funded from leaseholder charges for major works.

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 463 properties in the South 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 Hamblins) 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 South 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 12.11 below.
- 9.7 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 has confirmed that this has taken place.
- 9.8 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 (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. Residents have been consulted through the Homes for Haringey Asset Management Panel and Leasehold Panel. Leasehold consultation forms part of the overall consultation process and is a statutory requirement. 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

- 12.2 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 will be held on Wednesday the 3rd March. The Ward Members will be invited to attend. This will be followed by a newsletter to residents within 10 days of the meeting.

- 12.3 Leasehold consultation forms part of the overall consultation process and is a statutory requirement. Details of this are set out below.
- 12.4 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.
- 12.5 Leasehold Implications
- 12.6 As a result of applications made under the Right to Buy legislation, there are 166 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 8 while the number outside the period is 158. This report provides a breakdown of the costs for each group in paragraph 12.10
- 12.7 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.
- 12.8 In accordance with Schedule 3 of The Regulations, notices were issued on 26th February and will expire on the 26th of March 2010.
- 12.9 The notice gave a description of the proposed works and provided details for the costs of the works. The 30 day statutory consultation commenced 26th February 2010.
- 12.10 The total amount estimated to be recovered from the 166 leaseholders is £1,268,584.05 This is broken down as follows:
1. Leaseholders within the 5 year Section 125 period total estimated recoverable charges £18,552.72.
 2. Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges £1,250,031.33.
- 12.11 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 26th 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 26th of March 2010.

13. Service Financial Comments

- 13.1 The total cost of works within this report is to be funded from the decent homes budget allocation of £33.5m for 2010/11. Value for money has been achieved in the project through approved framework agreements. There is also an agreed maximum price for the works.
- 13.2 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)

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 Larry Ainsworth – Strategic Client Representative on 020 8489 1134.
- 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):
- 15.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

APPENDIX B. Expenditure to date 2010/2011.

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		