



Haringey Council

Agenda item:

Procurement Committee Meeting

On 27th April 2010

Report Title. Wood Green Decent Homes Programme 2010/11. WG19	
Report authorised by: Niall Bolger, Director of Urban Environment <i>Niall Bolger 21st April 2010</i>	
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Wards(s) affected: Noel 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 Wood Area, known as WG19 within the delivery of the Decent Homes Programme. The works outlined in this report are schedule to commence on 5 th July 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 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.	
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	5 th July 2010
Anticipated Contract completion	1 st July 2011
Contract duration	52 weeks
Contractor	para 2.1 Appendix A

7.4 Property address location

7.4.1 This report details the specific works required to the 225 properties in the Wood Green area and are priced in accordance with the framework agreement.

1-225 The Sandlings, Glynn Road, N22

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
The Sandlings N22	225	flats	4	70	Flat	No

7.5 Schedule of works

7.5.1 The scope of improvements included under this phase of the programme will include the

following works.

Element of works	Yes/No (Y/N)
Roof replacement	Y
Window and door replacement	Y
Bathroom replacement	Y
Boiler replacement	Y
Central heating replacement	Y
Rewiring	Y
Extractor fans	Y
Smoke detectors	Y
Lightning conductor	Y
Balcony renewal	Y

7.5.2. Proposed Roof works

7.5.2.1 It is proposed to replace the roofs to all blocks on the estate with flat roofs.

7.5.3 Life Cycle Costing Analysis

7.5.3.1 In liaison with Central Procurement Group, Asset management are in the process of identifying life cycle cost analysis on the main elements of works to allow for comparison with LHC and to assess energy savings.

7.5.3.2 The lifecycle costing in Appendix C show that the replacement of the flat roofs with flat roofs instead of pitch roofs costs more over a 35 year period by £195,371.7. Whilst the replacements of roofs with a pitch roof system demonstrate a saving over a 35 year period, the initial cost cannot be afforded by the decent homes programme.

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

7.5.3.4 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

7.5.4 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 £18,505.00 to residents over the 35 year period.

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.

7.8 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 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.

7.10 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 conservation 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 225 properties in the Wood Green 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 Wood Green 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 in accordance with the relevant Regulations and that the Council will be able to recover a proportion of the reasonable costs of the works from leaseholders. See comments below at paragraphs 12.5-12.13 for more details.
- 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 Directorate has confirmed that this has taken place.
- 9.8 The Head of Legal Services confirms that providing there are no issues arising from the Planning Department, there are no legal reasons preventing Members from approving the recommendations in this report

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. A residents' meeting took place on the 17th February 2010 and 15 resident attended in total. Ward Members were invited to attend. A newsletter was sent to residents after the meeting.

12.5 Leasehold Implications

- 12.6 As a result of applications made under the Right to Buy legislation, there are 70 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 7 while the number outside the period is 63.
- 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 The Service Charges Regulations 2003, a statutory consultation notice was issued to leaseholders on the 26th of February 2010.
- 12.9 The notice gave leaseholders a description of the proposed works and provided details of the cost of the works. The 30 day statutory consultation period commenced on the 26th of February 2010.

12.10 The total amount estimated to be recovered from the leaseholders is £1,532,781.80
This is broken down as follows:

1. Leaseholders within the first 5 years of the Right to Buy lease - total estimated recoverable charges: £0.00
2. Leaseholders outside of the first 5 years of the Right to Buy lease - total estimated recoverable charges: £1,532,781.80.

12.11 The charges to all 70 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%.

12.12 No works will commence on site, nor will instructions be given to commence work on site, until completion of the 30 day statutory consultation period.

12.13 All observations received from leaseholders within the 30 day statutory consultation period will be responded to in writing within 21 days of receipt. The statutory consultation period for this notice expired on the 26th March 2010.

12.14 Since the serving of the Section 20 notice there has been a change in the scope of works. The roofs at the will be replaced with flat roofs instead of pitch roofs. This means that the individual cost to leaseholders will be reduced. Leasehold charges shall now range from £9k - £18k. Previous leasehold charges ranged from £15k-29K.

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.

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
South Tottenham	Phase 14	£4,466,473.00	09/11/09	29/10/10
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
Wood Green	Phase 19	£4,404,620.05	05/07/10	01/07/11
North Tottenham	Phase 14a	£2,743,850.51	05/05/10	24/09/10
North Tottenham	Phase 16	£2,094,838.63	19/04/10	24/09/10
South Tottenham	Phase 15	£5,617,311.65	12/04/10	11/03/11
Total		£31,314,705.37		

Appendix C

The Sandlings N17

Flat Roof Renewal Option

	Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs
Y1	3	£ 645,335.00	£0.00	£645,335.00

Flat to Pitch Conversion

	Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Costs
Y1	3	£1,335,257	£0.00	£1,335,257.02

Flat Roof Renewal Option

	Inflation % Increase	Original/Maintenance Cost	Inflation Cost	Total Costs
Y35	3	£300.00	£615.00	£1,574,089.75

Flat to Pitch Conversion

	Inflation % Increase	Original/Maintenance Cost	Inflation Cost/Yr	Total Costs
Y1	3	£1,300.00	£2,665.00	£1,378,718.02

Energy Costs for The Sandlings N17
 floors - Roof area 4867m² = £2026 (Flat Roof), £1497 (Pitched)
 Total Life Cycle Costs (35 yr): £70,901 (Flat Roof), £52,396 (Pitched Roof)