



Haringey Council *

Agenda item

[No.]

Procurement Committee Meeting on 22nd July 2010

Report Title. South Tottenham Decent Homes Programme 2010/11. Phase ST16 (Revised).

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

NPBolger, 30th June 2010

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Wards(s) affected:
Seven Sisters 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 ST16 within the delivery of the Decent Homes Programme. The works outlined in this report are for Barry Ave, Cadaxton Ave, Clifton Gardens, Craven Park Road, Crowland Road, Elm Park Ave, Gladesmore Road, High Road, Hillside Road, Leadale Road, Lealand Road, Maple Close, Norfolk Ave, Riverside Road, Rostrevor Ave, Wargrave Ave, Allan Barclay Close, Wellington Ave, Beechfield Road, Eade Road, Finsbury Park Avenue, Hermitage Road, Oakdale Road, Vale Road with a start date to be confirmed. 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 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 It is to be noted that delegating this award to the Urban Environment Director, subsequent upon the satisfactory completion of the leaseholder consultation and planning approval processes, allows the delivery team adequate leeway to seamlessly sustain the tempo of the decent homes programme once appropriate funding is confirmed, without any counterproductive breaks in

programming and scheduling.

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

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

- 4.1 To award the contract for the above Project, subject to confirmation of funding, 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, including confirmation of funding and that there are no issues arising from the planning approval, is delegated to the Director of Urban Environment.
- 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.

7.2 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.

7.3 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.

7.4 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.

7.5 **Detailed below is a summary of contractor details:**

Total estimated construction cost (excluding fees)	para 2.2 Appendix A
Anticipated Contract start on site subject to funding	April 2011
Anticipated Contract completion, subject to funding	March 2012
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 349 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:

Barry Avenue, 9.

Cadaxton Ave, 3.

Clifton Gardens, 10

Craven Park Road, 32, 52, 78, 97, 99, 118, 146 (flats 1-8) 200, 202, 214 – 442 (even) except 218, 220, 222, 226, 278, 280, 284, 286, 288, 296, 298, 300, 348, 350, 354, 358, 362, 368, 374, 376.

Crowland Road, 7, 10, 11/11a/11b, 17, 17a, 37.

Elm Park Avenue, 45, 58, 73, 77.

Gladesmore Road, 9/9a, 50, 57/57a, 77, 89/89a, 91, 104, 131, 133, 154, 167.

High Road, 170a/170b, 174/174a, 200a-g, 283, 287/287a.

Hillside Road, 4, 13, 31, 42, 47, 54, 60.

Leadale Road, 68, 75, 95.

Lealand Road, 9, 10, 11 – 31 (odd), 44, 61, 82.

Maple Close, 1-8, 14, 17, 19, 21, 22, 29-51 except 31.

Norfolk Avenue, 4.

Riverside Road, 5.

Rostrevor Avenue, 37.

Wargrave Avenue, 5, 23, 65, 68, 90.

Wellington Avenue, 3.

Allan Barclay Close, 1-18.

Beechfield Road, 18.

Eade Road, 65, 67, 69, 71, 73.

Finsbury Park Avenue, 5, 7.

Hermitage Road, 29/29a, 36a/36b, 51, 67, 118, 154, 218, 233, 276, 304, 308, 310, 312, 314, 316, 318, 320.

Oakdale Road, 13.

Vale Road, 18/18a, 54, 58, 68, 80, 88.

Talbot Road, 1 – 24 (incl).

Ashmount Road, 1/1a/1b, 2/2a/2b, 3/3a/3b, 4/4a/4b, 5/5a/5b, 6/6a, 8/8a.

Earlsmead Road, 1 – 1H (9 no)

Eastbourne Road, 1 – 31 (odd)

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
Barry Avenue	1	House	2	0	Pitch	No
Cadaxton Avenue	1	House	2	0	Pitch	No
Clifton Gardens	1	House	2	38	Pitch	No
Craven Park Road	112	Low rise	2/3	0	Flat/pitch	No
Elm Park Avenue	4	House	2	0	Pitch	No
Crowland Road	9	House	2	0	Pitch	No
Gladesmore Road	14	House	2	3	Pitch	No
High Road	15	House	2/3	7	Flat/pitch	No
Hillside Road	7	House	2	0	Pitch	No
Leadale Road	3	House	2	0	Pitch	No
Lealand Road	19	House	2	10	Pitch	No
Maple Close	34	House/low rise	2	5	Flat/pitch	No
Norfolk Avenue	1	House	2	0	Pitch	No
Riverside Road	1	House	2	0	Pitch	No
Rostrevor Road	1	House	2	0	Pitch	No
Wargrave Avenue	5	House	2	0	Pitch	No
Wellington Avenue	1	House	2	0	Pitch	No
Allan Barclay Close	16	Low rise	2/3	0	Pitch	No
Beechfield Road	1	House	2	0	Pitch	No
Eade Road	5	House	2	2	Pitch	No
Finsbury Park Ave	2	House	2	0	Pitch	No
Hermitage Road	20	House	2	4	Pitch	No
Oakdale Road	1	House	2	0	Pitch	No
Vale Road	7	House	2	2	Pitch	No
Talbot Close	24	House	2	0	Pitch	No
Ashmount Road	19	House	2	2	Pitch	No
Earlsmead Road	9	House	2	1	Pitch	No
Eastbourne Road	16	House	2	3	Pitch	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.

7.5.1.2

Element of works	Yes	No
Roof replacement	✓	
Window and door replacement	✓	
Window and door refurbishment		✓
Bathroom replacement	✓	
Kitchen replacement	✓	
Boiler replacement	✓	
Central heating replacement	✓	
Rewiring	✓	
Extractor fans	✓	
Smoke detectors	✓	
Brickwork and concrete repairs	✓	
Cavity wall insulation		✓
External decoration	✓	

7.5.2.1 Proposed Roof works

7.5.2.2 The flat roofs to Craven Park Road and Maple Close are adjacent/adjoined to 3 storey town houses, some of which are freehold therefore, they cannot be replaced with pitched roofs as they would be required to be 'stitched' into the flank walls of the town houses. 200 High Road has an existing flat roof however this building is in a conservation area and therefore this roof cannot be converted to a pitched roof.

7.5.3 Life Cycle Costing Analysis.

7.5.3.1 As there are no flat to pitched roof conversions considered on this project, no life cycle cost analysis is required.

7.5.3.2 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. We are in the process of gaining comparative costs from LHC .

7.5.4 Whole Life Costings.

7.5.4.1 As stated above, the roof works programmed within this phase are such that whole life costings are not relevant.

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 costs of the works outlined in this report are within the costs envisaged at the outset of the Decent Homes programme. Therefore the cost can be met from the Decent Homes budget identified for 2010-11.

8.2 However, it should be noted that external grant funding from Central Government is subject to considerable uncertainty at present and although £30.5m of Decent Homes funding is expected in 2010/11, the Council should not enter into any contractual commitment for this work until confirmation has been received that this funding is secure.

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 726 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 has been consulted in the preparation of this report and advises that he is satisfied that statutory leaseholder consultation has been carried out to date (16 June 2010) in accordance with the relevant Regulations and the decision of the Leasehold Valuation Tribunal of 14 May 2007 (Ref: LON 00AP/LDC/2007/0003 and 0004).
- 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 and subject to confirmation of funding, 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 Council's 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 was held on the 24th February 2010 and the number of residents who attended in total was 38. The Ward Members were invited to attend. This was 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') require Homes for Haringey to conduct formal consultation with every leaseholder in the Borough who may be affected by the proposed works. A Notice of Intention to appoint Constructor Partners was sent to leaseholders on the 21 July 2006 in accordance with Schedule 2 of the 2003 Regulations. 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 2007 the LVT awarded the dispensation in respect of some of the statutory consultation requirements in relation to appointment of the Constructor Partners (written decision: 14 May 2007)

12.5 Leasehold Implications

- 12.6 As a result of applications made under the Right to Buy legislation, there are 58 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 3 while the number outside the period is 55. 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 The Service Charges Regulations 2003, under schedule 3, notices were issued on 26th February 2010 and expired on the 25th 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 58 leaseholders is £506,979.13 This is broken down as follows:
1. Leaseholders within the 5 year Section 125 period total estimated recoverable charges £385.00.
 2. Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges £506,594.13.
- 12.11 No observations were received from any leaseholders on expiry of the Section 20 notice period.

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 (Allocation from CLG, £30.5m & £3.0m under spend, carried forward from 2009/10.) 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 Overall 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.
- 13.3 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
South Tottenham	Phase 14	£2,190,000.00	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
Sheltered and Parkland Road	Sheltered	£5,629,510.31	31/05/10	27/05/11
South Tottenham	Phase 16	£5,561,105.52	TBA	TBA
	TOTAL	£34,666,742.68 (Excluding South Tottenham Phase 16)		

Assessment of South Tottenham phases to date.

South Tottenham			
Phase	Original prediction	AMP submitted to Procurement	Agreed final account
ST1	£ 617,476	£ 648,274	£ 541,405
ST2	£ 1,134,820	£ 1,220,885	£ 884,286
ST3	£ 1,285,016	£ 830,501	£ 704,773
ST4	£ 1,602,099	£ 2,402,166	£ 1,544,724
ST5	£ 1,401,836	£ 1,380,645	£ 1,123,502
ST6	£ 534,033	£ 627,876	£ 478,206
ST7	£ 1,702,230	£ 2,048,609	£ 1,762,205
ST8	£ 1,101,443	£ 1,382,708	£ 973,703
ST9	£ 350,985	£ 260,711	£ 210,035
ST10	£ 5,390,395	£ 6,441,548	£ 4,874,032
ST11	£ 4,622,722	£ 3,905,688	£ 3,628,766
ST12	£ 402,171	£ 448,288	£ 373,049
ST13	£ 2,753,607	£ 3,044,793	TBA
ST14	£ 7,209,444	£ 4,466,472	ON SITE
ST15	£ 7,726,789	£ 5,867,844	ON SITE
ST16	£ 5,824,296	£ 5,561,105	PROCUREMENT

Note: The Original prediction is based on the total budget divided into the total number of properties deemed to be non decent.

Disparities arise where it is identified that, within some phases, major areas of work i.e. roofs and/or windows are not required.