



Haringey Council

Agenda item:

Procurement Committee Meeting

On 22nd July 2010

Report Title. Wood Green Decent Homes Programme 2010/11. WG18	
Report authorised by: Niall Bolger, Director of Urban Environment <i>Niall Bolger for Director 13/7/2010</i>	
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Wards(s) affected: Noel Park, Bounds Green	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 WG18 within the delivery of the Decent Homes Programme. The works outlined in this report dates of commencement and completion are subject to funding and programming by agreement of the contracting parties. 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 final packages of work to complete the YR3 works within 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. 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

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 of satisfactory completion of the leaseholder consultation and planning approval processes, be delegated to the Director of Urban Environment.
- 4.3 That the scheme is to be funded from the Decent Homes allocation (see Appendix A) subject to confirmation of funding.

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 subject to funding	April 2011
Anticipated Contract completion subject to funding	December 2011
Contract duration	38 weeks
Contractor	para 2.1 Appendix A

7.4 Property address location

7.4.1 This report details the specific works required to the 275 properties in the Wood Green area and are priced in accordance with the framework agreement.

Clarence Road 68-70 N22
Gladstone Avenue N22
Glynne Road N22
Moselle Avenue N22
Pelham Road N22
Vincent 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
Clarence Road N22	9	Low rise	4	1	Pitch	Bowes Park
Gladstone Ave. N22	57	houses	2	0	Pitch	Noel Park
Gladstone Ave. N22	29	Low rise	2	7	Pitch	Noel Park
Glynn Road N22	9	houses	2	0	Pitch	Noel Park
Moselle Ave. N22	76	houses	2	0	Pitch	Noel Park
Moselle Ave. N22	35	Low rise	2	12	Pitch	Noel Park
Pelham Road N22	37	houses	2	0	Pitch	Noel Park
Pelham Road N22	2	Low rise		2	Pitch	Noel Park
Vincent Road N22	21	houses	2	0	Pitch	Noel Park

7.5 Schedule of works

7.5.1 The scope of improvements works included under this phase of the programme will include, refurbishment of existing sash windows, refurbishment of front and rear doors. It shall also include the replacement of sash windows and doors which are beyond repair. Roof replacement and restoration works to the external fabric of properties within the Noel Park conservation area are planned to be carried out in a future programme of works, subject to funding. Schedule of works are listed in table below. Internal modernisation works to properties listed in Gladstone Avenue, Moselle Avenue, Pelham Road, Glynn Road and Vincent Road have been procured under a separated phase of works. Under this phase of works only Clarence Road will benefit from internal works.

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	✓	

7.6 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 Life Cycle Costing Analysis

7.7.1 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.

7.8 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.

7.10 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 conservation 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 275 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 The Procurement Committee has on the 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 the 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 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 Urban Environment Directorate has confirmed that this has taken place.
- 9.7 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 (10 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).
- 9.8 Members should be aware that leaseholder consultation had not been completed at the date of these comments (10 June 2010).
- 9.9 The Head of Legal Services confirms that, subject to confirmation of funding and provided the Council has considered any leaseholder comments made by the expiry date of the statutory leaseholder consultation and any 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.

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, 2010/2017, 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 took place on the 17th February 2010 and 15 residents attended in total. Ward Members were invited to attend. A newsletter was sent to residents after the meeting.

Leasehold Implications

12.5 As a result of applications made under the Right to Buy legislation, there are 21 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 will be advised following serving of the Section 20 notices.

12.6 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.

12.7 In accordance with The Service Charges Regulations 2003, under schedule 3, notices will be issued and expire before the start of the works.

12.8 The notice will give a description of the proposed works and provide details for the

cost of the works. The statutory consultation is to be confirmed following serving of Section 20 notices.

- 12.9 The total amount estimated to be recovered from the leaseholders will be advised when the Section 20 notice is served.
- 12.10 Leaseholders within and outside the 5 year Section 125 period total estimated recoverable charge is to be advised when section 20 notices are served.
- 12.11 The charges to 21 leaseholders will be 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 notice period or if there is an outstanding enquiry as a result of the notice.
- 12.13. A supplementary note referring to observations from leaseholders will be sent to the committee.

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 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.
- 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 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 20010/11

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	£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	01/04/11	17/12/11
North Tottenham	Phase 15	£8,523,956.80	01/04/11	17/12/10
Wood Green	Phase 18	£2,244,050.38	01/04/11	17/12/10
Total		£34,666,742.68 *		

* Total figure excludes South Tottenham 16, North Tottenham 15 and Wood Green 18. Start and completion dates of phases are subject to confirmation of funding.

Assessment of Wood Green phases to date.

Phase	Original prediction	AMP submitted to Procurement	Agreed final account
WG1	£ 1,857,128	£ 2,517,554	£ 2,644,114
WG2	£ 198,978	£ 220,960	£ 260,581
WG3	£ 348,211	£ 466,558	£ 330,732
WG4	£ 298,467	£ 359,974	£ 355,150
WG5	£ 232,141	£ 322,256	£ 300,458
WG6	£ 596,934	£ 763,535	£ 630,549
WG7	£ 248,722	£ 238,595	£ 213,502
WG8	£ 663,260	£ 778,542	£ 728,013
WG9	£ 132,652	£ 170,229	£ 174,693
WG10	£ 99,489	£ 121,232	£ 133,211
WG11	£ 480,863	£ 599,014	£ 515,245
WG12	£ 348,211	£ 465,423	£ 372,885
WG13	£ 663,260	£ 502,415	£ 417,972
WG14	£ 1,044,634	£ 1,128,167	£ 963,227
WG15	£ 4,695,770	£ 3,855,088	not yet agreed
WG16	£ 4,645,276	£ 3,870,307	on site
WG17	£ 5,049,213	£ 2,986,513	on site
WG18	£ 4,628,445	£ 2,244,003	on hold
WG19	£ 3,786,909	£ 4,405,620	lead in

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 or were not required.