


Report for:	Cabinet Member for Resources & Culture	Item Number:	
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Title:	Confirmation of Award of 3 lots for the London Construction Programme Major Works Framework Agreement following leasehold consultation.
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Report Authorised by:	Tracie Evans - Chief Operating Officer 
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Lead Officer:	Barry Phelps/David Mulford
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Ward(s) affected: All	Report for Key/Non Key Decisions: Key
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1. Describe the issue under consideration

To confirm the establishment of the London Construction Programme (LCP) London wide framework agreement for Major Construction Works.

The purpose of this report is to confirm the award of three North London Housing lots 1, 2 and 3 of the London Construction Programme (LCP) London wide framework agreement for Major Construction Works that was provisionally awarded on 30th March 2015 with an amendment to Lot 1 on 30th June 2015 subject to leasehold consultation. Paragraph 3.2 of the 30th March 2015 report stated the following:-

“The awards for Lots 1, 2 and 3 are provisional. Within 7 days of the end of the period for the making of statutory observations by leaseholders, the Lead Officer is to prepare an addendum report to the Leader summarising any observations, together with the Council’s responses, whereupon a decision will be made whether to confirm the award(s).”

This procurement is led by Haringey Council’s, Construction Procurement Group through the LCP. Haringey Council is the lead organisation for the LCP.

2. Cabinet Member introduction Draft

2.1 This framework agreement will help to deliver key construction projects in both Haringey and for Commissioning Organisations across London.

2.2 This LCP Framework agreement, which covers the whole of London, is an effective example of collaborative procurement over an 18 month period. The LCP Framework is comprised of thirty lots. This report will establish a pan-London framework agreement for works over £100,000 from which all London Boroughs can benefit.

3. Recommendations

3.1 That confirmation of the award (previously provisionally made subject to leaseholder consultation) is made for the following lots as framework agreements for four years to those Contractors identified as follows in:-

a. Lot 1 North London - Housing, value band £100,000 to £999,999.

1	Architectural Decorators Ltd
2	Cityline Construction Ltd
3	Cosmur Construction (London) Ltd
4	Cuttle Construction Ltd
5	Keepmoat Regeneration Ltd
6	Kind Diamond Build Consortium
7	Lakehouse Contracts Ltd
8	Lengard Limited
9	MBS Contracting Services Ltd
10	Mulalley and Company Limited
11	Sandwood Design and Build Limited

b. Lot 2 North London – Housing, value band £1m to £4,999,999.

1	Cosmur Construction (London) Ltd
2	Durkan Limited
3	Geoffrey Osborne Limited
4	Keepmoat Regeneration Limited
5	Kind Diamond Build Consortium
6	Lakehouse Contracts Ltd
7	Mulalley and Company Limited
8	Wates Construction Ltd

c. Lot 3 North London – Housing, value band over £5m.

1	Durkan Limited
2	Geoffrey Osborne Limited
3	Higgins Construction PLC
4	Keepmoat Regeneration Limited
5	Kind Diamond Build Consortium
6	Lakehouse Contracts Ltd

7	Mulalley and Company Limited
8	Wates Construction Ltd

4. Alternative options considered

- 4.1 No other options were considered viable to enable the Framework Agreement to proceed.

5. Background information

- 5.1 The LCP was established in 2012 by Haringey Council. The LCP was supported by London Councils, to develop a pan-London strategy to improve construction procurement. Haringey is currently the lead Authority for this framework.

- 5.2 The buying organisations which comprise the LCP board are currently: Haringey Council, Crown Commercial Service (CCS) (formerly Government Procurement Service), LHC (consortium of key construction works, supplies and services), Supply Chain Management Group (SCMG), Hampshire County Council. These organisations have agreed a pipeline of various frameworks for London.

- 5.3 Following various discussions with the LCP board members and an Advisory Panel of interested Commissioning Organisations across London it was agreed as part of the pipeline of the frameworks for the LCP, that Haringey should procure the Framework Agreement which is comprised of the following value bands:

- a) £100,000 to £999,999
- b) £1m to £4,999,999
- c) above £5m.

The Framework Agreement has been designed for use in 2 Work Areas, a) Housing projects and b) Education and other sectors including Leisure, Care, Health, Industrial and Commercial etc and in five sub-regions of London.

- 5.4 The Framework Agreement will be flexible in procurement methods but will also align to the Government Construction Strategy 2025 around two- stage tendering.

- 5.5 The work area for Housing is as follows:-

Housing works which comprises (but is not limited to) the following works to existing buildings: external and internal works; repairs and maintenance of existing buildings; redecoration works; also including Mechanical and Electrical works; works to windows doors, kitchens and bathrooms, refurbishment, extensions, roofs and landscaping works etc and new build housing works including associated landscaping including working in listed buildings and buildings in conservation areas;

- Repair, maintenance and upgrading of the structure, external fabric of individual buildings and communal areas;
- Planned maintenance - capital and revenue projects;

- Internal works including kitchens and bathrooms;
- Mechanical and Electrical works;
- Replacement of roofs, doors and windows and associated works;
- Fire prevention works (including fire doors);
- Energy efficiency measures;
- Retrofit;
- Redecoration of the outsides of buildings and communal areas;
- Works to estate areas, such as landscaping, replacement of paths, provision of fencing etc.;
- New Build Housing and development
- Conversion of existing buildings for residential or other use including heritage buildings;
- Including design where applicable.

Leaseholder Implications and consultation

- 5.6 Under the terms of their leases, leaseholders are required to make a contribution towards the cost of repairing and maintaining in good condition the main structure, the common parts and common services of the building. They may also be liable for costs towards works to their wider estates. Such contributions are recovered by the Council through their service charge accounts.
- 5.7 In respect of Lots 1, 2 and 3, the Council is therefore obliged to consult leaseholders in accordance with the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 (“the Regulations”). In the instant cases, the Regulations require the Council to send three notices to leaseholders before ‘qualifying works’ are undertaken.
- 5.8 In accordance with the Regulations, the first consultation notice, a Notice of Intention, was issued in November 2013. This was before the OJEU advertisement was published. Notifications of Proposals (‘second consultation Notices’) were issued to leaseholders by the Homes for Haringey Home Ownership Team.
- 5.9 The second consultation was issued to leaseholders 11th August 2015 to inform leaseholders that the Council is proposing to enter into the Framework Agreements (being Qualifying Long Term Agreements) and invite them to inspect the Proposals and make observations. The Council is required to have regard to those observations in making its decision to award the Framework Agreement for lots 1, 2 and 3. All observations have been assessed as to their impact on the award of the contract and felt not to make a material difference to the outcome. Each of the observations have been passed to the Homes for Haringey Home Ownership Team to address further where necessary. The leaseholder observations are as follows:

1. Observation received:

Leaseholder asked when works would be carried out under these agreements

A. Landlord response to the observation:

No works programmed under proposed agreements as yet. If works are proposed to a particular building or estate, leaseholders will be consulted about these in advance.

2. Observation received:

Leaseholder advised that they were purchasing the freehold, so asked if they could be excluded from the agreement.

A. Landlord response to the observation:

Replied that the agreement was between Haringey Council and proposed contractors, but that if leaseholder purchases freehold, we will not be carrying out any works to the building.

3. Observation received:

Leaseholder asked for proposals to be emailed to them, asked how proposed contractors were assessed, asked if they could nominate contractors, asked what works were proposed under proposed agreements.

A. Landlord response to the observation:

Replied that proposals cannot be emailed, explained how contractors were assessed, advised that due to value of contracts, nominations were not possible, and advised that at this stage, no works were proposed to individual buildings or estates, but if they were, then there would be further consultation.

5.10 The third Notice required by Schedule 3 of the Regulations will be issued on the completion of design, when the costs are known for the works to individual blocks as described in their lease. These Notices will be served over the life of the Agreements. That Notice will provide the leaseholder with 30 days to make observations about the works or their estimated costs. Homes for Haringey will have regard to the comments received and respond before the contractors are awarded the works.

5.11 The charges to new or recent leaseholders are limited to the estimates contained in their Offer Notices, and in all cases by the terms of the individual leases. Invoices for these works are included within the annual Certificate of Actual Services Charge that is sent to every leaseholder after the end of the financial year. Each invoice will be calculated on the basis of the final account cost of the works or the amount paid to the contractor. The invoice will be payable interest free over a period of up to six years, depending on the amount invoiced and whether the leaseholder lives in the property. For longer periods interest is chargeable, currently at 7.5%.

6. Comments of the Chief Finance Officer and financial implications

6.1 The Chief Financial Officer confirms that award of contract does not commit Haringey or any of the participating local authorities to any minimum level of work over the proposed 4 year period.

6.2 A schedule of rates has been received as part of the tenders generated to allow direct call off where applicable. Mini competitions will predominately be held between those successful from each of the various lots (within the framework) for each project which should challenge prices throughout the period of the contract.

The Framework Agreement is subject to a levy process which comprises an immediate subscription fee and approximately 0.25% of each project value which will be used to help to cover the cost of monitoring by the central team in Haringey Council. These monies depending upon the throughput of work in London, will help to cover Haringey Council's operational costs of the LCP Framework Agreement, including personnel and software costs. There should be a number of additional benefits from this Pan London procurement approach such as central monitoring and performance management; performance indicators; standardised templates etc. which should all support the achievement of value for money.

7. Assistant Director of Corporate Governance Comments and legal implications

7.1 This report is subsequent to the decisions of the Leader and the Lead Member on the 30 March 2015 and 30 June 2015 respectively.

7.2 The Assistant Director of Corporate Governance understands that the statutory leasehold consultation has been carried out in accordance with the Regulations and is not aware of any legal reasons preventing the Leader from approving the recommendations in the report.

8. Equalities and Community Cohesion Comments

8.1 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

8.2 The overall strategic aims of the Framework Agreement are to improve value for money, reduce inefficiency and increase the social value of local construction schemes. Key objectives within the Framework Agreement have been developed in consultation with construction procurers and commissioners to reflect areas of

need. These include setting standards for reduced environmental impact and requirements for employment and skills development. These objectives should have a positive benefit for all local communities including those from protected groups.

- 8.3 The tendering process for the Framework Agreement requires suppliers to demonstrate their compliance with equalities legislation. Suppliers were able to demonstrate compliance at pre-qualification stage, either through membership of Constructionline or through completion of appendix 7 of the tender documentation 'Equal Opportunity and Diversity Policy and Capability'. Through this process, suppliers were required to provide evidence of how they comply with relevant equalities legislation, including equal opportunities in employment, and what they do to ensure equalities is embedded across their organisation.
- 8.4 The framework agreement provides the terms and conditions under which contracts will be issued over the lifetime of the agreement but does not specify the detail of these contracts. Individual construction schemes brought forward over the lifetime of the agreement will be subject to separate EQIAs (subject to local requirements) which will ensure these schemes promote and recognise good practice in equality and diversity. Call-offs of contracts under the agreement will be required to meet the relevant EU Treaty provisions and principles including non-discrimination.
- 8.5 The procurement process for the framework was undertaken to ensure openness and access to a diverse market so that that no type of supplier was disadvantaged. The framework was advertised in the EU and through constructionline online to ensure it reached a diverse market of suppliers. The procurement process mitigated against the potential for different sized firms to be disadvantaged through the incorporation of a range of turnover bands and the opportunity for suppliers to bid as consortia.
- 8.6 This report relates to award of North London Housing lots 1, 2 and 3 for which additional consultation with leaseholders was required prior to award. Leaseholder observations have been taken into account in award of these lots. This process has not identified any adverse impact in terms of the protected groups.

9. Head of Procurement Comments

- 9.1 The Framework Agreement is being established for use by all London Authorities and sub regions in London. It relates to works and the appointment of building contractors across two work areas and three value bands.
- 9.2 The framework has been advertised in the Official Journal of the European Union (OJEU)
- 9.3 The Framework itself has been set up with various social value aspects included, addressing employment, skills and apprenticeships across Haringey and London. Sustainability standards such as the Council's timber policy and the Freight Operator Recognition Scheme will be expected to be adhered to where applicable in the value bands by contractors on this Framework Agreement.

9.4 Leasehold consultation for lots 1, 2 and 3 has taken place and all observations have been assessed for impact and addressed as referenced in paragraph 5.9.

10 Policy Implication

10.1 Policy Implications

10.1.1 The need to procure long term frameworks up to a maximum of four years is identified as part of the category management process for Construction, FM and Public Realm.

10.2 Value for Money

10.2.1 The framework was tendered in the open market, so a schedule of costs has been received as part of the tenders generated to allow direct call off where applicable. Mini competitions will predominantly be held between those successful for each of the various lots (within the framework) for each project.

10.2.2 The framework will be monitored through the four years of the framework.

11 Reasons for Decision

11.1 To enable a vehicle for building contractors to be procured for future projects without the need to further pre qualify.

12 Use of Appendices

12.1 Not applicable

13 Local Government (Access to Information) Act 1985

13.1 Not applicable