



Haringey Council

Agenda item:

(No.)

Procurement Committee

On 2nd September 2008

Report Title: **Hornsey Decent Homes Works: HOPH2**

Forward Plan reference number (if applicable):

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

Wards(s) affected: Stroud Green

Report for: **Key Decision**

1. Purpose

1.1 To inform Members that the Decent Homes Programme for Carlton Lodge, Otway Court, Norman Court and Stapleton Hall Road is scheduled to commence on the 13th October 2008.

2. Introduction by Cabinet Member (if necessary)

2.1 In accordance with the commitment for our homes to achieve Decent Homes standards, properties within this phase have been surveyed and, where necessary, works will include:

- Renewal of roof covering
- Renewal of windows
- Concrete repairs and external decorations
- Kitchen, bathroom, heating and wiring renewals

3.0 Recommendations

3.1 That Procurement Committee agree to an award-in-principle of the contract for the above project, as allowed under Contract Standing Order (CSO) 11.01(a), subject to final consideration of any leaseholder observations at the expiry of the second Section 20 Notice period which is scheduled to expire on 29th August 2008.

3.2 That Members agree to delegate power to confirm award of the contract to the recommended contractor upon successful completion of the leaseholder consultation period to the Director of Urban Environment.

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

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4.0 Chief Finance Officer Comments

- 4.1 It should be noted that on 13th Feb 2007, this committee approved framework agreements with Decent Homes contractors and compliance teams, to cover 4 areas. This report details the specific works needed to the 107 No. properties on the Carlton Lodge, Otway Court, Norman Court and Stapleton Hall Road sites, priced in accordance with the framework agreement.
- 4.2 Members will be aware that DCLG has approved the funding for Decent Homes, totalling £198.5m phased over six years of which £23m has been approved for 2008-09. This scheme is included in the schedule for 2008-09, thus will be funded from this budget.
- 4.3 It should be noted that so far (excluding the reports on this agenda) 20 contracts have been approved by this committee; totalling some £23.8m. With the approval of the 4 contracts on this agenda, this will bring the total commitments to £29.2m. The extra costs above the currently approved budget will be funded from recharges made to leaseholder for works to their properties.

5.0 Head of Legal Services Comments

- 5.1 This report is seeking Procurement Committee approval to award a call-off contract for Decent Homes works at 107 properties in the Hornsey area of the borough (*details of which are set out in Paragraph 15.2, below*), to the contractor named in Paragraph 2.1 of Appendix A to this report.
- 5.2 Cabinet Procurement Committee had on 13th February 2007 granted approval to the award of four Decent Homes Constructor 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.
- 5.3 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 advisers (Trowers and Hamlin) who provided legal advice on the procurement of the Framework Agreements.
- 5.4 The contractor named in Paragraph 2.1 of Appendix A to this report was awarded the Framework Agreement in respect of the Hornsey area.
- 5.5 As the value of the contract is above the Council's Key Decision threshold of £500,000, the Council's Arms Length Management Organisation, Homes for Haringey, who undertook the procurement of the contract on behalf of the Council

have confirmed that, in accordance with CSO 11.04, details of this contract have been included on the Forward Plan.

- 5.6 The value of the proposed contract exceeds £250,000 therefore the award must be agreed by the Procurement Committee, in accordance with CSO 11.3.
- 5.7 The report states that the statutory leaseholder consultation process is currently being undertaken, and the 30-day consultation period is due to expire on 29th August 2008.
- 5.8 A decision-in-principle by Cabinet Procurement Committee to award the contract to which this report relates to the recommended contractor will not invalidate the statutory consultation process, provided that the Council does not execute any agreement or issue any works instructions and works do not commence before the statutory consultation period has expired and proper consideration is given to any further leaseholder observations received before the deadline of 29th August 2008.
- 5.9 The report is further recommending that Members delegate the power to confirm award of the contract to the recommended contractor upon successful completion of the leaseholder consultation period to the Director of Urban Environment.
- 5.10 The Cabinet Procurement Committee has the power under section 15(7) of the Local Government Act 2000 to delegate its powers to officers.
- 5.11 The Head of Legal Services confirms that, subject to the proviso set out in Paragraph 5.8 (above), there are no legal reasons preventing Members from approving in principle the recommendation as to the award, as set out in paragraph 3 of this report.

6.0 Head of Procurement Comments

- 6.1 The selection of the contractor for these works has been undertaken from the Decent Homes contractor framework.
- 6.2 The Client needs ensure that a risk register is in place for the works and that it is reviewed on a regular basis
- 6.3 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.
- 6.4 The Head of Procurement therefore states that the recommendations in this report offer best value for the Council.

7.0 Local Government (Access to Information) Act 1985

- 7.1 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.

7.2 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):

7.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

8.0 Strategic Implications

8.1 The works within this phase form part of the overall Decent Homes Programme.

9.0 Financial Implications

9.1 This scheme is estimated to cost the amount set out in paragraph 2.3 of Appendix A.

9.2 Provision for this exists within the Decent Homes Budget for 2008/2009.

10. Legal Implications

10.1 See section 5 above.

11. Equalities Implications

11.1 The works will ensure that all tenants and leaseholders living throughout the borough will reside in a decent home by the end of this programme of work.

11.2 This improvement will benefit all occupants of the properties, which include disabled, elderly and people from the minority ethnic communities.

12. Consultation

12.1 Homes for Haringey have carried out detailed consultation on this project by a resident meeting and detailed newsletters.

12.2 Statutory consultation with leaseholders is dealt with at paragraphs 17/18 below.

13. Background

13.1 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. The objective of the Decent Homes Standard is that every tenanted home should be decent in accordance with the guidelines of the ODPM (now DCLG) by December 2010.

13.2 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.

13.3 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/ALMOs.

13.4 On 13th Feb 2007, this committee approved the framework agreements to four Decent Homes contractors and 4 compliance teams, to cover 4 areas. This report details the specific works needed to the 107 No. properties in the Hornsey area, priced in accordance with the framework agreement.

13.5 The procurement and delivery of the Decent Homes Constructors has been managed by Homes for Haringey under the terms of its management agreement with the Council.

Number of dwellings in project	
107	
Total estimated construction cost (excluding fees)	para 2.1 Appendix A
Anticipated Contract start on site	13 th October 2008
Anticipated Contract completion	6 th March 2009
Contract duration	21 weeks
Contractor	para 2.2 Appendix A

14. Agreed Maximum Price

14.1 The Agreed maximum price is based on the schedule of rates contained within the contractors tender returned 30th November 2006.

14.2 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.

14.3 It is designed to allow for a multi party approach by the client, constructor, consultants and specialists to provide a consistent approach to working within a partnering ethos.

14.4 PPC2000 provides the opportunity to progress joint selection of supply chains and supply chain partnering to encompass value engineering and allows for 'open book' accountability.

15.0 Proposed Work

15.1 The works will include, where required on an individual basis to achieve Decent Homes Standards: renewal of roof coverings; window replacement, concrete repairs; external decorations; kitchen, bathroom, heating and wiring renewals.

15.2 The properties in this project are located at:

- 1-17 Norman Court, Stapleton Hall Road N6
- 1-54 Carlton Lodge, Lancaster Road N6
- 2, 69 Flat1, 69 Flat 4, 103,141A, 51B, 67B, 67 Ground Floor Flat , 77 Flat 1, 77 Flat 2, 77 Flat 3, 77 Flat 4, 33A, 33B ,33C, 117, 117A; Stapleton Hall Road
- 1-17 Otway Court, Granville Road N8

16.0 Leasehold Information

16.1 There are 32No. leaseholders in this phase of works as follows:

17.0 Leasehold Consultation

17.1 Homes for Haringey is conducting formal consultation with every leaseholder in the Borough in order to fulfil the Council's obligations under The Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations'). A Notice of Intention to appoint Constructor Partners was sent to leaseholders on the 21 July 2006. 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 last year the LVT awarded the dispensation in respect of the appointment of the Constructor Partners.

18.0 Leasehold Implications

18.1 As a result of applications made under the Right to Buy legislation, there are 32No.

leaseholders, as well as council tenants, living in the properties affected by the works described in this report.

18.2 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.

18.3 In accordance with The Service Charges Regulations 2003, under schedule 3, notice was issued on 30th July 2008 to expire on 29th August 2008.

18.4 The notice will give a description of the proposed works and provided details for the costs of the works. The statutory consultation commenced 11th July 2008.

18.5 The total amount estimated to be recovered from the 32No. leaseholders is £485,873.24.

18.6 The charges to all 32 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%.

18.7 No works will commence on site until completion of the notice period or if there is an outstanding leasehold enquiry as a result of the notice.

18.8 No observations have yet been received for this project.

19.0 Sustainability

19.1 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.

- 19.2 The new wiring contains an element of copper, a material that can be recycled at the end of its useful life.
- 19.3 The new wiring will reduce the need for maintenance as testing of the electrical system will only need to be carried out after ten years for dwellings and five years for the landlord's services.
- 19.4 The dwellings that benefit from new kitchen and bathroom replacement will be fitted with two low energy light fittings.
- 19.5 The selected kitchen, Premiere, has received the F.I.R.A Gold Award and Kite mark Certification with a life expectancy of thirty years.
- 19.6 Providing an integrated satellite reception system reduces the quantity of satellite dishes fixed to the property, resultant damage to the building fabric and gives lower income families access to increased TV viewing choice.
- 19.7 The contractor is registered and complies with the Considerate Constructors Scheme.
- 19.8 The new windows will improve the thermal efficiency of the properties as well as reduce future maintenance costs.

20.0 Project Management

20.1 Homes for Haringey, managing this contract on behalf of the Council have appointed a project manager to manage the project team. A risk assessment has been carried out and it will be reviewed at the monthly progress meeting.

20.2 The key members of the project team are as follows:

- Pauline Hinds Strategic Client Representative – Homes for Haringey
- Murray Farrant Compliance Team – Ridge & Partners
- Winston Reid Head of Tenancy Management – Homes for Haringey

21.0 Health and Safety Implications

21.1 All contractors invited to tender have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry-wide body. They also comply with the requirements of the Council's Health and Safety policy.

21.2 The Construction (Design and Management) Regulations 2007 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the CDM Co-ordinator before works start on site.

22.0 Conclusion

22.1 That the procurement committee accept the recommendations outlined in section 3 above.

23.0 Use of Appendices/Tables/Photographs

Appendices A Exempt information