

**Report for:** Cabinet on 9 October 2018

**Title:** Mechanical Ventilation Phase 2 (Kenley, Stellar House & Kenneth Robbins)

**Report authorised by:** Helen Fisher, Interim Director Housing, Regeneration and Planning

**Lead Officer:** Anthony Wiggins, Interim Director of Asset Management Homes for Haringey

**Ward(s) affected:** North Tottenham/South Tottenham

**Report for Key/**

**Non Key Decision:** Key Decision

## **1. Describe the issue under consideration**

- 1.1 This report seeks approval to award a contract to H2O Nationwide Ltd for the refurbishment and upgrading of the centralised mechanical ventilation services at Stellar House, Kenneth Robbins House and Kenley. Northolt was also included in the tender, but it will now be omitted pending a decision by Cabinet on the future of the block more generally.
- 1.2 The report also seeks Cabinet approval for the issue of a letter of intent for an amount of up to but not exceeding £52,045, being 10% of the contract sum.

## **2. Cabinet Member Introduction**

- 2.1 This project forms part of our overall council housing capital programme, which this year will see over £45m invested in the borough's council housing stock as part of our five year investment programme which exceeds £250m.
- 2.2 The project will improve ventilation systems in flats and will reduce damp and condensation related issues, while also improving fire safety. 339 homes will benefit from these works.

## **3. Recommendations**

It is recommended that Cabinet:

- 3.1 Approves the award of a contract to H2O Nationwide Ltd for the refurbishment and upgrading of the centralised mechanical ventilation services at Stellar House, Kenneth Robbins House and Kenley over a contract period of 23 weeks for a maximum sum of £520,458 (rounded up) subject to reduction, in consultation with the contractor and in accordance with Paragraph 3.2 of this report, to omit the cost of the works to Northolt from the tendered sum before the award letter is issued and the signing of the contract.

- 3.2 Delegates the approval of the revised contract value to the Director of Housing, Regeneration and Planning once the cost of Northolt has been removed from the contract.
- 3.3 Approves the total professional fees of £58,114 which represents 11.166% of the contract sum and notes the total project cost of £578,572.
- 3.4 Authorises, under the Council's Contract Standing Orders (CSO) 9.07.3, the issue of a letter of intent for an amount of up to but not exceeding £52,045, being 10% of the contract sum.

#### **4. Reasons for decision**

- 4.1 A competitive tender scheme was carried out for Phase two of ventilation works to high rise blocks in the borough and approval of the outcome of the tender is required to allow the contract to be awarded and the planned refurbishment and upgrading of the centralised mechanical ventilation services work to be ordered.
- 4.2 The new system will protect residents within their properties in the event of a fire, as smoke will be detected as it is drawn into the vicinity of the extract grille by the negative pressure in the bathroom or toilet. The airflow valve will shut down isolating the remainder of the riser within 5 seconds and an audible alarm will be activated.
- 4.3 The current systems do not perform to the requirements of the Building Regulations Part F1. An historic combination of double glazing and draught-proofing and the deteriorated condition of the roof fans and ducts has caused a critical reduction of the ventilation rates to dwellings and this could lead to a consequential increase in dampness-related repairs. Restoring the ventilation schemes to beyond their original design performance will greatly reduce these issues and lead to reduced repair costs over the life of the system.
- 4.4 The new system will be a smart, digital solution that has smart air terminals that have Bluetooth technology embedded which enables each terminal to be interrogated, cycle tested and validated as fully functional without access to the property itself and in real time. Further, data from the air terminal can be downloaded via this wireless link to detect instances in which the terminals alarm functions have been activated, the status of the standby battery and whether the device has been disconnected from the mains supply. All of this data is date and time stamped to aid analysis and compliance checking.

#### **5. Alternative options considered**

- 5.1 The alternative option is to repair the existing system which could result in on-going maintenance issues and not addressing the potential fire risk.

#### **6. Background information**

- 6.1 These four tower blocks each have very similar extract ventilation arranged via large rooftop centrifugal or mixed-flow fans and riser ducts with branches into each dwelling. The extract points served are the internal bathrooms and WCs.

- 6.2 All of these systems are original equipment and the majority are over 40 years old and are, to a large degree out of service.
- 6.3 CCTV surveys have been carried out and have confirmed that the internal surfaces of the ducts are very dirty and would contribute to both the spread of flame and the reduction of airflow rates.
- 6.4 The existing systems can be characterised by these features:
- The ducts themselves represent risk to occupants during fire conditions as do the lack of fire and smoke control equipment.
  - As there is no backdraught prevention and no fire stopping within the ductwork system, then both flame and ambient temperature smoke and products of combustion can be transferred between dwellings via the vertical riser in the event of a fire.
  - The main fans are original and some are out of service and are vulnerable to vandalism.
- 6.5 This project consists of 441 properties within the North Tottenham Area. The project details are as follows:

Number of dwellings in project:	441
Total construction costs:	£520,458 (subject to para. 6.7)
Anticipated contract start on site:	7 <sup>th</sup> January 2019
Anticipated contract completion:	14 June 2019
Contract duration:	23 weeks
Contractor:	H2O Nationwide Ltd

### Proposed Work

- 6.6 The scope of the work (as tendered) included the refurbishment and upgrading of the centralised mechanical ventilation services to the following blocks:

<b>Block</b>	<b>Number of Units</b>
Kenley	105
Northolt	102
Stellar House	106
Kenneth Robbins House	128
<b>Total Number of Units:</b>	<b>441</b>

- 6.7 Following the receipt of tenders and the issuing of the tender report the need to structurally strengthen Northolt became apparent. It is therefore now proposed to omit the ventilation works to Northolt due to the uncertainty regarding the future of the block. As the tenders had already been received, the proposal is to remove Northolt after the approval to award the contract but before the award letter is issued and the contract is finalised. This will be done in consultation with the contractor to agree the revised contract value. This will reduce the total

number of properties covered by the contract to 339 and should result in a contract value of approximately £409,504.

### **Consultation**

- 6.8 A consultation newsletter for residents and key stakeholders was sent out in February 2018. Further consultation will be undertaken by newsletters and on a one to one basis following approval to award the contract.

### **Tender**

- 6.9 Homes for Haringey selected six contractors specialising in Mechanical Ventilation Works from Constructionline (which is a UK register of pre-qualified construction services database fully owned and managed by Capita) who were invited to provide competitive e-tenders via the Delta e-Sourcing Portal. The results have been validated by the project's Cost Consultants, Stace LLP.
- 6.10 Of the six companies that were invited to tender only three tenders were returned. The list of the contractors who were invited are listed in alphabetical order:

#### **Contractor**

AJS Ltd  
Duct Clean UK Ltd  
Farmwood M&E Ventilation  
H2O Nationwide Ltd  
P A Finlay Co Ltd  
TSG Building Services PLC

- 6.11 Three of the contractors invited to tender submitted a tender which they have agreed are open for acceptance for 26 weeks from the tender return date which was 08/06/18. The value of the winning tender has been rounded up within the report.
- 6.12 The pre-tender estimate prepared by the Homes for Haringey Electrical Engineering Team in July 2016 was £628,760. The difference between the pre-tender estimate and the lowest tender received is £108,302, which is a decrease of 20.81%. The difference in cost has been attributed to the pre-tender estimate being considered high for the proposed works.
- 6.13 All tender submissions were checked for arithmetical errors and none were found.
- 6.14 The Cost Consultant has concluded that the lowest Fixed Price tender in the sum of £520,458 with a Contract Period of 23 weeks, submitted by H2O Nationwide Ltd represents value for money and is considered to be satisfactory as the basis for a contract.

### **Supervision and Management Costs**

- 6.15 Fees and services for the cost consultant is part of the year 10 Major Work allocation which was based on Construction Related Consultancy Services

Framework that was extended to the 31<sup>st</sup> March 2018 for major works programme. The breakdown of the fees is within exempt section of the report.

6.16 The total fees for this project are £58,114, which represents 11.166% of the contract sum.

#### 6.17 **Project Team**

- Lead Consultant – Homes for Haringey
- Cost Consultant – Stace LLP
- Clerk of Works – Homes for Haringey
- Principal Designers – Homes for Haringey
- Project Management services - Homes for Haringey
- Tenancy Manager Officer - Homes for Haringey
- Estate Services Officer – Homes for Haringey

#### **Leasehold Implications**

6.18 As a result of applications made under the Right to Buy legislation, there are 38 leaseholders living in the properties affected by the works as tendered, described in this report. The 14 leaseholders in Northolt will not be affected by the works because that block will be removed from the contract because the future of the block is unknown.

6.19 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.

6.20 In accordance with The Service Charges (Consultation Requirements) (England) Regulations 2003, the Notice of Intention was served on 21/02/18 and expired on the 22/03/18.

6.21 The Notice of Estimate was issued on 10/08/18 and expired on 12/09/18 excluding Northolt. It gave a description of the proposed works and provided details for the costs of the works.

6.22 The Council is obliged to have regard to any observations from leaseholders on either the first or second notice. Homes for Haringey did not receive any observations or comments from any of the leaseholders.

6.23 The total amount estimated to be recovered from the 38 leaseholders is £55,102.85. This does not include the 14 leaseholders within Northolt.

#### **Sustainability Comment**

6.24 The procurement of materials and components to be used during the Capital Works programme will involve the selection of products that have a positive impact on the environment. With the Bluetooth technology this will reduce the need to carry out unnecessary maintenance.

- 6.25 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.

### **Budget**

- 6.26 This project will be funded from the 2018/19, 2019/20 Mechanical & Electrical Budget within the Housing Capital Programme.

- 6.27 Phasing of Expenditure

<b>Financial year</b>	<b>Works</b>	<b>Fees</b>	<b>Total</b>
2018/19	£427,307	£48,067	£517,494
2019/20	£93,151	£10,047	£61,078
<b>Total</b>	<b>£520,458</b>	<b>£58,114</b>	<b>£578,572</b>

### **Conservation Areas**

- 6.28 The properties in this project are not within a conservation area.

### **Health and Safety Implications**

- 6.29 All the contractors who have been successful and accepted onto Constructionline, 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.
- 6.30 The Construction (Design and Management) Regulations 2015 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Principal Designer before works commence on site.

## **7 Contribution to strategic outcomes**

- 7.1 This proposal supports the objectives of Priority 5 in the Corporate Plan: To create homes and communities where people choose to live and are able to thrive.

- 8 **Statutory Officers comments** (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

### **Finance**

- 8.1 This report recommends the award of a contract to H<sub>2</sub>O Nationwide Ltd for the refurbishment and upgrading of the centralised mechanical ventilation services for the sum of £520,458 over a contract period of 23 weeks.
- 8.2 This report requests the approval for the total professional fees of £58,114 which represents 11.166% of the contract sum and notes the total project cost of £578,572.

8.3 The total project cost of £578,572 approved in this report (8.1 and 8.2) can be contained within the current approved HRA capital programme (Mechanical and Electrical budget) 2018/19 and 2019/20.

8.4 There are 38 properties which belong to leaseholders affected by the proposed works. There will be recharges totalling £55,102.85 to the leaseholders, this will be credited to the Housing Revenue Account to partly fund the capital expenditure.

### **Strategic Procurement ( SP )**

8.5 Whilst SP has had no direct involvement in this procurement, it notes that six contractors, specialising in Mechanical Ventilation Works, were selected from Constructionline (which is a UK register of suppliers pre qualified to undertake construction related services) and competitive e-tenders submitted via the Delta e-Sourcing Portal.

8.6 SP acknowledges that the tender results have been validated by the project's Cost Consultants, Stace LLP.

8.7 SP notes that the total professional fees of £58,114 represents 11.17% of the contract sum of £520,458 and brings the total project cost to £578,572.

8.8 SP notes the intention to omit the cost of the works to Northolt from the tendered sum before the award letter is issued and the signing of the contract.

8.9 SP further notes that the above omission will result in a significant decrease in contract sum and related professional fees total.

8.10 SP has no objection to the approval of the recommendations made in section 3 of this report.

### **Legal**

8.11 The Assistant Director Corporate Governance has been consulted in the preparation of this report and comments as follows

#### *Service Charge*

8.12 The terms of the Council's standard right to buy lease permit recovery of a proportion of the cost of these works from leaseholders, subject to compliance with the consultation requirements set out in the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the statutory provisions").

8.13 The liability of those of the leaseholders who purchased on the terms of the Council's older right to buy lease is limited (with exceptions) to contributions to

the cost of those works broadly constituting repair; those under the current form of lease are required also to pay a contribution towards improvements.

- 8.14 The statutory provisions set out a two-stage process for consultation with leaseholders, the first setting out the proposed works and inviting comments thereon and nomination of a contractor from whom to seek an estimate, and the second, after obtaining estimates, setting out estimates and inviting comments; in each case the leaseholder is to be given a minimum of 30 days to respond. The Council must have regard to any comments made, and obtain an estimate from a nominated contractor if one (or more) is nominated.
- 8.15 Details of the Council's compliance with those provisions are set out in the body of this report under "Leasehold Implications". Legal Services were consulted on and approved the form of the notices served.

### *Procurement*

- 8.16 This report relates to the procurement of a contract for refurbishment and upgrade works to the mechanical ventilation of several residential towers valued at over £500,000. A contract of this value is not subject to the EU tender regime but is governed by the Council's Contract Standing Orders (CSOs).
- 8.17 Pursuant to the CSO 7.01(c), the Council may procure particular works, goods or services by selecting one or more contractors from Constuctionline in accordance with the criteria applicable to the project, in which case the provisions of CSOs do not apply other than the requirements in CSO 9.07 on award of the contract.
- 8.18 Pursuant to CSO 9.07.1(d), Cabinet may approve the award of a contract if the value of the contract is valued at £500,000 or more and as such Cabinet has the power to approve the award of the contract in this report.
- 8.19 The Assistant Director of Corporate Governance sees no legal reasons preventing the approval of the recommendations in the report.

### **Equality**

- 8.20 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - 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.
- 8.21 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith,

sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.22 This report relates to the award of a contract for refurbishment and upgrading of the centralised mechanical ventilation services to four high rise blocks within the borough. The improvement works are intended to improve air quality and reduce the risk of fire spreading between flats for all residents and visitors to the properties, which includes those who share the protected characteristics.
- 8.23 As social housing tenants, the residents of the affected blocks are more likely than the Haringey population to share protected characteristics. For instance, BAME communities, minority religious and faith groups, and lone parents families are all over-represented among social tenants in Haringey as compared to the wider population. Accordingly, this decision will support the Council to meet its Public Sector Equality Duty by working to eliminate known inequalities affecting these groups and by preventing further inequalities.
- 8.24 The tendering process requires the contractors to provide their Equality and Diversity policy as part of their tender return to demonstrate their compliance with the equalities legislation.

## 9 Use of Appendices

- 9.1 Appendix A – tender evaluation. Appendix A of this report is not for publication as it contains information classified as exempt under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding the information).

## 10 Local Government (Access to Information) Act 1985

- 10.1 The appendix A of this report is **not for publication** as it contains information classified as exempt under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding the information).

