

**OFFICER DECISION MADE UNDER DELEGATED AUTHORITY
INC SUPPORTING REPORT**

STATEMENT OF OFFICER DECISION UNDER DELEGATED AUTHORITY	
TITLE OF REPORT/DECISION:	Award of New Internal Refurbishment Contracts 2015 - 2017 - North and South
WARDS INVOLVED:	Chadwell Heath, Eastbrook, Heath, Parsloes, Valence, Whalebone, Abbey, Eastbury, Gascoigne, Longbridge, Thames
DECISION MAKER:	Steven Tucker, Corporate Director of Housing
DECISION(S) MADE:	To award contracts to the two successful contractors
IS THIS A KEY DECISION?	No
VALUE:	<ul style="list-style-type: none"> • South Contract up to £7m (budget may be increased for up to a year's additional work programme, depending on capacity and performance) • North Contract up to £7m (budget may be increased for up to a year's additional work programme, depending on capacity and performance)
AUTHORITY FOR DECISION:	By Delegated Authority as outlined in the Councils Contract Rules
REASON(S) FOR DECISION:	Ensure continued delivery in line with published commitment to Members and residents
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:	None
ANY CONFLICT OF INTEREST DECLARATION BY ANY CABINET MEMBER CONSULTED? (None
ANY DISPENSATION GRANTED BY CHIEF EXECUTIVE IN RESPECT OF ANY DECLARED CONFLICT OF	None

INTEREST?	
DATE OF DECISION:	

For completion by Democratic Services	
Date decision published	
Date decision implementable	

This Decision Sheet to be submitted to Democratic Services by []

OFFICER DECISION UNDER DELEGATED AUTHORITY

REPORT

Title: Award of New Internal Refurbishment Contracts 2015 - 2017 - North and South

Key Decision:

No

Wards Affected:

Chadwell Heath, Eastbrook, Heath, Parsloes, Valence, Whalebone, Abbey, Eastbury, Gascoigne, Longbridge, Thames

Decision Maker:

Steven Tucker – Corporate Director of Housing

Responsible Officer: Giuseppe Coia – Housing Asset Management

Recommendations:

It is recommended that the North contract is awarded to Breyer Group (£6,403,948.53, inclusive of 5% contingencies), and the South contract is awarded to United Living Ltd (£6,439,000.81, inclusive of 5% contingencies)

1. Background

In order to delivery the ongoing programme of internal refurbishment works to the Council's housing stock, procurement was undertaken in 2013 using the Housing Framework Contracts. Subsequently contracts were awarded to Mullaley and United House for a total sum of £26,950,927. The approved delegated authority for this award was signed on 31st January 2014.

The delivery of the originally awarded contract sums completes in June 2015 for the South contract and September 2015 for the North contract.

The procurement strategy to retender new packages of work, which is the subject of this delegated authority report was approved by Procurement Board on 23 March 2015.

The new procurement has now taken place and the contracts are ready to be awarded to the successful tenderers.

2. Proposal and issues

The full tender report for this procurement is included within Appendix 1 this approval document. The results of the procurement are as follows:

Award of the North Contract to Breyer Group, in the sum of £6,403,948.53 (further extendable to the maximum £8M budget capacity in 2016 / 2017.

Award of the South Contract to United Living Ltd, in the sum of £6,439,000.81 (further extendable to the maximum £8M budget capacity in 2016 / 2017. The proposed annual budget for Decent

Homes varies between approximately £7 to 8million per annum for each of the North and South areas for the years 2015/16 and 2016/17. There may be further variations in these budget estimates, but it was on this basis that the tenders were issued so that each of the firms on the Framework would be able to tender for a specific number of properties with a defined amount of work. This enabled a realistic and comparable assessment of each of the tenders to be made.

However, it is understood and was spelt out as part of the tender exercise that the precise extent of works would be clarified as part of pre-commencement activities; that commitments on the 2015/16 budgets meant that the remaining budgets for the current year are likely to be in the region of £3.2 million (North area) and £3.9 million (South area); that the contracts would be let in tranches of £2 million with commencement agreements only being let on successful completion of each tranche; and that the contracts could be extended beyond the initial tendered value. The latter would cover the need to extend arrangements to meet the revised procurement timetable for the Housing Refurbishment Framework.

The impact of the proposed contract award on delivery and budget capacity is set out below:

Delivery Area	15/16 Budget	Current Contracted Commitment in 15/16	Proposed New Contracted Commitment in 15/16	Possible Further Capacity if required
North	£10.4m	£7.2m	£3.2m	Current 2016 / 2017 budget capacity is up to £8M.
South	£7.2m	£3.3m	£3.9m	Current 2016 / 2017 budget capacity is up to £8M.

3. Alternative options considered and rejected:

There was no alternative option as the existing Framework Contract was intended for this purpose.

4. Equalities and other Customer Impact

Residents that are due works in 2015/16 have been told they are to expect the works so they can plan accordingly. Also only minor repairs have been undertaken to these properties in the interim period because of the anticipated major works timescales. If the delivery of the programme is delayed this could negatively impact on the living conditions of the residents concerned. The programme anticipates a minimum of 2,750 properties will be refurbished to Decent Homes standard as part of the initial tender package, which

subject to further approval could be further extended going forward.

6. Other considerations and implications

Staffing Issues: Resources are currently in place in both Capital Delivery Unit and Resident Liaison to support a continuous programme

Safeguarding Children: None

Health Issues: The properties due to receive works are all currently below the government Decent Homes standard and therefore may not provide adequate facilities or heating. They could therefore fail under the HHSRS regulations.

Crime and Disorder Issues: None

Property / Asset Issues :

The Council has a duty to maintain its homes to the Government Decent Homes Standard. Delayed delivery could result in additional pressures on the Housing Repairs service to maintain the properties to a minimum standard.

7. Consultation

Consultee	Name/Title	Date consulted
Portfolio Holder	Councillor S Ashraf	
Ward Councillor(s)	n/a	
Other Council Bodies		
Corporate Directors	Steven Tucker	16 07 15
Other required Officer(s)	Jeremy Grint, Divisional Director of Regeneration	16 07 15
	James Goddard, Housing Strategy Manager	16 07 15
	Ian Saxby, Group Manager - Capital Commissioning and Delivery	06 07 15
Statutory/Proper Officer		
Others (Specify)		

8. Conflict of Interests and dispensation

None

9. Financial Implications

Implications completed by: Carl Tomlinson Group Finance Manager

- 9.1 The recommendations in this report are to award a 1 year contract for the North area to Breyer Group for £6.4m and award the South area to United Living Ltd for £6.4m. There is facility to extend both contracts for a further year at the same value.
- 9.2 The 2015/16 HRA Capital budget includes budget provision of £10.4m for Decent Homes North and £7.2m for Decent Homes South. Existing commitments against these budgets mean that the remaining available funding for the current year is likely to be in the region of £3.2 million (North area) and £3.9 million (South area). There is a further £8m per area budgeted in 2016/17.
- 9.3 Contract spend can be contained within the remaining funding available in 2015/16 with the balance funded in 2016/17. Any future commitment to extend these contracts must be contained within agreed budgets.

10. Legal Implications

Implications completed by:

10. Implications completed by: Bimpe Onafuwa – Contracts and Procurement Solicitor

10.1 This report is seeking approval to award two contracts for new internal refurbishment works to the Council's housing stock. Approval is being sought to award the "North" contract to Breyer Group and the "South" contract to United Living Ltd.

10.2 The report states that the procurement exercise was undertaken by way of mini-competition amongst contractors on the Council's Housing Framework.

10.3 Provided the tender exercise was carried out as stated in the earlier Procurement Strategy Report, and was duly compliant with the EU procurement principles and the Council's Contract Rules, Legal Services do not see a reason why the contract should not be awarded to the winning bidders.

11. Documents considered by decision-maker in making decision	
<ul style="list-style-type: none"> - Delegated Authority for Decent Homes Delivery signed 31.1.14 - Procurement Strategy Report on Housing Capital Investment Programme approved March 2015 	
Officer decision	<p>Having reviewed and taken account of the matters stated and documents listed in this report and having consulted with the persons/bodies identified in this report, and being satisfied that the decision(s) is/are in the best interests of the Council, I hereby agree and approve the Recommendations set out in this report.</p> <p>Signed <i>S. Tucker</i></p> <p>Officer Title <i>Director of Housing</i></p> <p>Date <i>16.7.15</i></p>

List of appendices:
<ul style="list-style-type: none"> - Tender Report (June 2015)
Background Papers Used in the Preparation of the Report:
<ul style="list-style-type: none"> - Procurement Strategy approved March 2015 – Housing Capital Investment Programme - DA approved 31.1.14 for Decent Homes Backlog Funding – Appointment of Contractors for the Multiple Elements (Internal Works) Programme 2013-15 - Tender Report (June 2015)
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