

# MAYOR'S EXECUTIVE DECISION MAKING

---

Thursday, 8 November 2012

---

Mayor's Decision Log No. 18

---

1. **CONTRACTOR FOR THE DELIVERY OF 2012/13 DECENT HOMES  
PROGRAMME (Pages 1 - 12)**

The Mayor has agreed to formally revise the decision taken at Cabinet on 8 June 2011 relating to the method of procurement for the 2012/13 Decent Homes Programme.

For full details please see the attached report.

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: John S. Williams, Service Head, Democratic Services

Tel: 0207 364 4204, e-mail: [johns.williams@towerhamlets.gov.uk](mailto:johns.williams@towerhamlets.gov.uk)

**Page left blank**

## PRO-FORMA

### LONDON BOROUGH OF TOWER HAMLETS

### MAYORAL DECISION PROFORMA

TITLE	AUTHOR	ITEM NO	Mayoral Decision proforma
<p><b>Title of Subject Matter</b></p> <p>Adoption of the Method of Procurement for the 2012/13 Decent Homes works and awarding the Contract to Apollo Property Services</p>	<p><b>Authors name, Directorate /Job Title &amp; ext.</b></p> <p>John Kiwanuka Housing Partnerships Manager Development &amp; Renewal</p>	<p><i>(To be completed by the Mayor's Advisory Board Office)</i></p> <p>0018/1113</p>	<p><i>(To be completed by the Mayor's Advisory Board Office)</i></p> <p>Attached</p>

## 1. INTRODUCTION/SUMMARY

- 1.1 Cabinet meeting in June 2011 approved using City West Homes "Framework" procurement framework to deliver the first two years of the Decent Homes (DH) programme and delegated to the Corporate Director (Development and Renewal) in consultation with the Assistant Chief Executive (Legal Services), the decision to appoint the contractors that are successful in the "mini-tendering" exercise within the framework agreement.
- 1.2 However, procuring DH works through the City West Homes "Framework" did not present the Council with an approach which it would utilise to maximise local outcomes through the DH capital works investment in the Borough. The Council aims to ensure that its localism agenda is enshrined by contractors particularly through the delivery of apprenticeships, utilising local contractors and labour with view to stimulate the local economy. Accordingly, the Mayor requested officers to consider an alternative route for procuring the 2012/13 DH programme.
- 1.3 Consequently, Year 2 contractor procurement has been undertaken through a measured term framework agreement valued at £4m. The contract is open for duration of 2 years; however the programme is scheduled to be completed by March 13. The tender was procured through Constructionline a national online database which registers pre qualified contractors and consultants. This is an approved method of tendering for below minimum OJEU thresholds. This report seeks Mayoral approval for the award of the contract to the successful contractor using this procurement method.

## **2. FOR MAYOR TO CONSIDER**

A Mayoral Executive Decision is being sought to:

- 2.1 Formally revise the decision of June 2011 Cabinet to approve using Construction Line as the method of procurement for the 2012/13 Decent Homes Programme.
- 2.2 Award a works element of £4 million of the 2012/13 Decent Homes contract to Apollo Property Services Group Limited.
- 2.3 Authorise the Corporate Director Development and Renewal in consultation with Assistant Chief Executive (Legal Services) to settle the terms of the contract with Apollo Property Services Group Limited
- 2.4 Authorise the Assistant Chief Executive (Legal Services) enter into all necessary documents to implement the decisions made in respect of this report.

## **3. BACKGROUND**

- 3.1 At the meeting on 22/12/2011 attended by Mayor Lutfur Rahman, Cllr Rabina Khan, Cllr Alibor Choudhury, and Officers it was agreed for (year 2) Decent Homes delivery of three HCA requirements for Programme - namely:
  - 686 homes made decent
  - £11m HCA grant spend
  - Average cost per DH at bid levels - required pay back of £2m 'borrowed' from the HCA resources in Year 1 to deliver Council properties, this raised spend to £13m.
- 3.2 **To achieve the above priorities it was agreed to adopt the following measures:**
  - Using Wates and Durkan to deliver part of Year 2 DH works through their available contract value head rooms
  - Tendering £4m of the Year 2 DH works through a mini competition and not the City West Framework
  - Mini competition tender awarding criteria which are primarily based 50% price, and 50% Quality of which 20% was stimulating the local economy.
- 3.3 **2012/13 Decent Homes Procurement Overview**

Year 2 contractor procurement has been undertaken through a measured term framework agreement valued at £4m. The contract is open for duration of 2 years; however the programme is scheduled to be completed by March 13. The tender was procured through Constructionline and an approved method of tendering rather than a full OJEU process as it was below minimum OJEU thresholds.
- 3.4 **Tendering £4m of the Year 2 DH works through a mini competition:**
  - Construction Line was used to select 6 tenderers - as this was a non-OJEU procurement.

- Two lots of contracts worth £2m were tendered & each was evaluated separately
- A contractor could tenders for both contracts
- Three tenders were returned mid June 2012
- Following evaluation of the tender in accordance with the agreed criteria Apollo scored highest in each of the lots.
- Apollo achieved the highest aggregate score for quality and price for both lots
- Apollo also demonstrated clear experience of delivering DH including customer service and local labour/economy in Tower Hamlets

**3.5 Mayoral Priorities: Localism agenda deliverables in Year 2 via Apollo's offer proposal in the tender:**

In addition to satisfying the contract requirements for the Decent Homes work Apollo have also offered

<b>Opportunity Offered</b>	<b>Number and Duration</b>
Apprentice Resident Liaison Officer (NVQ2)	1 number for contract period
Trade Apprentice NVQ2	2 number for contract period
Apprentice (Subcontractor appointed)	1 number for contract period
Work Experience (Unemployed less 6 months)	3 x 2 week placements
Work Experience (Unemployed more than 6 months)	4 x 2 week placements
Work Experience (School age)	3 x 2 week placements
Meet the buyer event (Promote opportunities for local companies).	1 event offered
Management Development Courses for SME and BME led businesses	2 courses 1 day
Education Business Partnership - (9Working to provide training for children in year 10 and 11)	2 events with local schools
DIY Training session (To include Painting and Decorating, Tiling and Basic Plumbing)	2 events
Kick start – Work Preparation Training – Bridge skills gap to help unemployed get into work. CV writing, Interview skills, CITB accredited and certified training	1 programme up to 10 resident places

- As part of the tender pre-requisites, Apollo is required to hire local businesses as sub-contractors. The council will ensure that Apollo have 3 local suppliers per works package with a further target of 30% being smaller local firms in the Borough.

**3.6** It is vital that the Council deliver the HCA's spend and output targets in a timely manner as this is preconditioned on securing the allocated DH funding in the years 2013/14 & 2014/15. To achieve these objectives approvals will need to be made in line with the set DH programming.

- 3.7 LBTH Major Projects Board met on 16/8/2012 and reviewed the recommendations of the evaluation panel. The meeting sanctioned the recommendations of the evaluation panel and agreed that Apollo should be recommended as the successful contractor for both lots.

#### **4. ANY IMPLICATIONS**

##### **4.1 Comments of the Chief Financial Officer**

- 4.1.1 This report seeks approval to appoint Apollo Property Services to undertake an element of the 2012/13 Decent Homes contract works following a procurement process using Construction Line.
- 4.1.2 Formal Cabinet approval for years 1 and 2 of the Decent Homes programme was given on 8 June 2011, with a capital estimate of £29.08 million being adopted for year 2 (2012-13). Initial contracts were entered into with Durkan and Wates, with the appointment of Apollo that is sought in this report representing a £4 million element of the approved year 2 programme. Further procurement processes will be undertaken for the later years of the programme.
- 4.1.3 The total cost to deliver the full Decent Homes Backlog Programme is estimated at £149.49 million. The major element of financing is the Decent Homes Backlog Grant of £94.5 million that is being received from the Greater London Authority. Cabinet approved resources to finance the funding gap in September 2011, through a mixture of borrowing, the application of HRA reserves, New Homes Bonus and Leaseholder Contributions.
- 4.1.4 The contract award under the Construction Line process has been managed by the Council's Procurement Section to ensure compliance with appropriate legislation. Efficiencies and value for money should be obtained through the utilisation of this competitive method.

##### **4.2 Comments of the Assistant Chief Executive (Legal Services)**

- 4.2.1 In any procurement the Council is under an obligation to achieve Best Value under Section 3 of the Local Government Act 1999. By virtue of this duty it is required to ensure continuous improvement all its dealings. This includes the procurement of contracts to ensure the most cost effective method of delivering the decent homes works and so improve the housing stock. It is required to look at a combination of economy efficiency and effectiveness and these proposals demonstrate how that is to be achieved.
- 4.2.2 It is open for the Mayor to review a previous decision and make a decision to change the procurement method particularly when this can deliver additional benefits to the borough as outlined in paragraph 3.5 above.
- 4.2.3 The procurement method outlined in this report is compliant with the obligations in the Public Contracts Regulations 2006 as the contract values are below the current OJEU threshold of £4,348,350 for works.

## 5. CONCLUSIONS

- 5.1 Following officer recommendation, Cabinet Approval given on June 8<sup>th</sup> identified the use of the CityWest Homes Framework for the delivery of both years 1 and 2 of the Decent Homes works rather than the method prescribed as the outcome of the Mayoral/Officer meeting on the 22 December 2011.
- 5.2 Therefore, approval is sought in line with that meeting in order to ensure that Council does not act beyond its powers. A mayoral decision is taken to the effect that this contract can be awarded to Apollo following the procurement method described in the body of this report.

1





**LONDON BOROUGH OF TOWER HAMLETS**

**MAYORAL DECISION PROFORMA**

**Mayoral Decision Log No:** *(To be inserted by Democratic Services after CE's approval given)*

**Title:** Adoption of the Method of Procurement for the 2012/13 Decent Homes works and awarding the Contract to Apollo Property Services

**Is this a Key Decision? Answer YES.**

**This report is UNRESTRICTED**

**EXECUTIVE SUMMARY**

- 1.1 Cabinet meeting in June 2011 approved using City West Homes "Framework" procurement framework to deliver the first two years of the Decent Homes (DH) programme and delegated to the Corporate Director (Development and Renewal) in consultation with the Assistant Chief Executive (Legal Services), the decision to appoint the contractors that are successful in the "mini-tendering" exercise within the framework agreement.
- 1.2 However, procuring DH works through the City West Homes "Framework" did not present the Council with an approach which it would utilise to maximise local outcomes through the DH capital works investment in the Borough. The Council aims to ensure that its localism agenda is enshrined by contractors particularly through the delivery of apprenticeships, utilising local contractors and labour with view to stimulate the local economy. Accordingly, the Mayor requested officers to consider an alternative route for procuring the 2012/13 DH programme.
- 1.3 Consequently, Year 2 contractor procurement has been undertaken through a measured term framework agreement valued at £4m. The contract is open for duration of 2 years; however the programme is scheduled to be completed by March 13. The tender was procured

through Construction line a national online database which registers pre-qualified contractors and consultants. This is an approved method of tendering for below minimum OJEU thresholds. This report seeks Mayoral approval for the award of the contract to the successful contractor using this procurement method.

- 1.4 Full details of the decision sought, including reasons for the recommendations; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Assistant Chief Executive (Legal Services); Risk Assessment; Background Documents; and other relevant matters are set out in the attached report.

**2. FOR MAYOR TO CONSIDER**

A Mayoral Executive Decision is being sought to:

- 2.1 Formally revise the decision of June 2011 Cabinet to approve using Construction Line as the method of procurement for the 2012/13 Decent Homes Programme.
- 2.2 Award a works element of £4 million of the 2012/13 Decent Homes contract to Apollo Property Services Group Limited.
- 2.3 Authorise the Corporate Director Development and Renewal in consultation with Assistant Chief Executive (Legal Services) to settle the terms of the contract with Apollo Property Services Group Limited
- 2.4 Authorise the Assistant Chief Executive (Legal Services) enter into all necessary documents to implement the decisions made in respect of this report.

.....  
.....  
**APPROVALS**

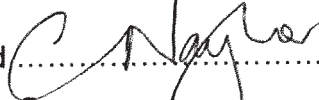
**1. Corporate Director**

I approve the attached report and recommendations above for submission to the Mayor.

Signed .....  ..... Date 23/10/2012

**2. Chief Finance Officer**

I have been consulted on the above recommendations and my comments are included in the attached report.

Signed  Date 24/10/2012

**3. Assistant Chief Executive (Legal Services)**

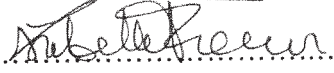
I have been consulted on the above recommendations and my comments are included in the attached report.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

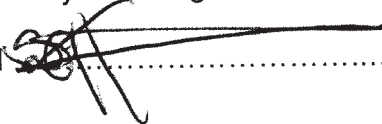
(a) has been published in advance on the Council's Forward Plan OR

~~(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.~~

Signed  Date 25.10.12

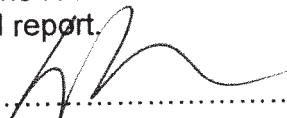
**4. Chief Executive (Interim Head of Paid Service)**

The recommendations above are consistent with the Council's agreed Budget and Policy Framework and will contribute to the achievement of the authority's Strategic Plan.

Signed  Date 01/10/12

**5. Mayor**

I agree the recommendations above for the reasons set out in the attached report.

Signed  Date 5/11/12

This page is intentionally left blank