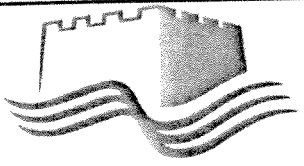



<p align="center"><b>Individual Mayoral Decision Proforma</b></p> <p align="center">0024</p> <p>Decision Log No: (To be inserted by Democratic Services)</p>	 <p align="center"><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Aman Dalvi, Corporate Director Development &amp; renewal</p>	<p><b>Classification:</b> [Unrestricted or Exempt]</p>
<p><b>Title:</b> Procurement of Consultants and Contractors for the 2014/15. 2015/16 &amp; 2016/17 Decent Homes Programme</p>	

Is this a Key Decision?	No
Decision Notice Publication Date:	N/A
General Exception or Urgency Notice published?	Not required
Restrictions:	UNRESTRICTED

**EXECUTIVE SUMMARY**

Cabinet on 9<sup>th</sup> January 2013 considered a report on Decent Homes procurement titled "Procurement of Consultants and Contractors for the 2014/15, 2015/16 & 2016/17 Decent Homes Programme". Cabinet agreed the report which is now publicly referenced as CAB 59/123 appended as appendix C. In the report the Mayor in Cabinet was recommended:

 To authorise the Mayor to award the DH works contracts to the contractors ~~and consultants~~ for works outlined once the results of the leaseholder consultation have been considered.

**DECISION**

The Mayor to award the DH works contracts to the contractors ~~and consultants~~ as set out in the report attached following completion of due s20 process.

**APPROVALS**

**1. (If applicable) Corporate Director proposing the decision or his/her deputy**

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

Signed  Date 8/4/2013

**2. Chief Finance Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 8/4/13

**3. Monitoring Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

~~(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 8/4/13~~

**4. (If the proposed decision relates to matters for which the Head of Paid Service has responsibility) Head of Paid Service**

I have been consulted on the content of the attached report which includes my comments where necessary.

Signed  Date 8/4/13

**5. Mayor**

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

Signed  Date 8/4/13

<p><b>Report of:</b></p> <p>Corporate Director: Aman Dalvi</p> <p><b>Originating officer(s)</b> Jackie Odunoye – Service Heard Housing Strategy Regeneration and Sustainability</p> <p>Originating officer(s) Authors: John Kiwanuka – Housing Partnerships Manager (LBTH) Ben Whiteside Leasehold Manager (THH)</p>	<p><b>Title:</b></p> <p>Procurement of Consultants and Contractors for the 2014/15, 2015/16 &amp; 2016/17 Decent Homes Programme</p> <p><b>Wards Affected:</b> All</p>
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<b>Lead Member</b>	Cllr: Rabina Khan
<b>Community Plan Theme</b>	One Tower Hamlets & A Great Place to Live
<b>Strategic Priority</b>	Ensuring Value for Money Across the Council

## 1.0 SUMMARY

1.1 This report deals with the appointment of the contractors for the Decent Homes Programme. Cabinet on 9<sup>th</sup> January 2013 considered a report on Decent Homes procurement titled "Procurement of Consultants and Contractors for the 2014/15, 2015/16 & 2016/17 Decent Homes Programme". Cabinet agreed the report which is now publicly referenced as CAB 59/123 appended as appendix C and authorised the Mayor to award the DH works contracts to the contractors for works outlined in 1.2.1 – 1.2.2 once the results of the leaseholder consultation have been considered,

### 1.2.1 Lot 1 - Contractors (Internal Works only)

- Chigwell (Shepherds Bush) Ltd
- RR Richardson LTD

### 1.2.2 Lot 2 Contractors (Internal and External Works)

- Apollo Property Services Group LTD
- Axis Europe PLC and
- Breyer Group PLC

2.4 However, this resolution was subject to successful consultations with leaseholders through the Section 20 notices dispatched on 17/12/2012. The Section 20 consultation period ended on 28 January 2013.. This report informs the Mayor of the outcomes of s.20 leasehold consultation, and asks the Mayor to award the DH Contracts to the successful contractor and consultants in 1.2.1 – 1.2.3 above, in fulfilment of the Cabinet decision on 9<sup>th</sup> January 2013.

## 3.0 DECISIONS REQUIRED



3.1 The Mayor to award the DH works contracts to the contractors listed in 1.2.1 – 1.2.2

#### 4.0 REASONS FOR THE DECISION

4.1 To implement 9<sup>th</sup> January Cabinet decision.

#### 5.0 BACKGROUND

5.1 The Council is obliged to conduct leaseholder consultation in line with S.20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Common hold and Leasehold Reform Act 2002). The Council is obliged to consult leaseholders where it is:

- Carrying out work which will cost any one leaseholder more than £250. These includes repairs, maintenance and improvements to their building and estate.
- Entering into a long-term agreement (for more than 12 months) with outside contractors for work, supplies or services which will cost any one leaseholder more than £100 a year. Examples include cleaning, grounds maintenance and surveying.
- Carrying out work under a long-term agreement where the work will cost any one leaseholder more than £250.

#### 6.0 BODY OF THE REPORT

##### 6.1 Number of notices sent out

Programme	Leasehold addresses	Away addresses
In DH programme	5226	1799
Not in programme	3421	1126
Total	8647	2925

6.1.1 Over the period of s.20 consultation, a total of 136 observations were received of which 50 were from Leaseholders who are currently not included in the Decent Homes Programme. 63 observations were received on Consultants and 73 on Contractors. A comprehensive presentation is summarised in attachments A for contractors, and B consultants. However, the number of observations recorded on the sheets is 124; this is because some leaseholders sent a single observation covering both the contractors and consultants.

6.1.2 Predominantly the observations related to affordability, the need for works or make the point that without financial information it was difficult to comment at the point in time. Some leaseholders have asked for additional information



relating to costs. A total of 5 responses had no comment. All observations were responded to within 21 days as required by regulation.

6.1.4 Three Leaseholders made appointments to view the procurement documents but only two kept the appointments. Additionally, a late observation was received following the end of the consultation period, which was responded to aside from the consultation.

## 6.2 Paying due regard to the observations.

6.2.1 To ensure that due regard was paid to the observations as required by the regulations, officers met on three occasions to consider the observations returned. At the meetings the observations were read out, commented on and notes made of the discussion and the response to the observation. The contractor and consultant observations were considered at the same time but have been summarised separately.

6.2.2 The summary documents (attachments A and B) give details of:

- The observations, summarised, with responses discussed at the meetings
- Dates of the meetings and attendees
- Methodology and overall summary
- Arrangements made to view documents
- List of blocks from which written observations were received

6.2.3 One observation raised a concern in respect of the company Apollo Keepmoat. THH and Council officers investigated the issues surrounding an incident which led to court action. The issues in question pertained to a sub-contractor no longer used by Apollo. THH and the Council officers are satisfied that Apollo has measures in place to prevent further instances occurring and the issue should not prevent Apollo being considered for appointment.

## 7.0 COMMENTS OF THE CHIEF FINANCIAL OFFICER

7.1 Cabinet approved the 'Procurement of Consultants and Contractors for the 2014-15, 2015-16 and 2016-17 Decent Homes Programme' report in January 2013 (the report is attached as Appendix 3). As well as agreeing the award of the contracts, the report also adopted initial capital estimates totalling £71 million for 2014-15 and 2015-16, and together with the likely slippage of £10 million of approvals from 2012-13, resources are fully in place to fund the commitments being entered into.





- 7.2 A substantial element of the costs of the external works relating to the Decent Homes programme will be rechargeable to leaseholders, although the Authority will be required to finance the works initially. It is vital that all costs are appropriately recharged in accordance with the terms of the lease, and in order to be able to do this proper consultation must first have been undertaken in accordance with statute.
- 7.3 Following the Cabinet decision, this report seeks Mayoral approval to award the Decent Homes contracts following the consultation process. The summary of consultation responses and officer observations and responses are included within Appendices 1 and 2 of this report.
- 7.4 Prior to entering into any contractual commitments, it is essential that the Chief Legal Officer is satisfied that the full statutory consultation process has been followed in order that all costs can be recovered. This will mitigate the risk of the Authority facing a future legal challenge with a potential subsequent loss of the income which is required to enable the Decent Homes programme to be completed.

## 8.0 CONCLUSION

- 8.1 Ultimately only the courts or LVT can say if the responses have given "due regard" to the observations made. There is always the possibility of a challenge that correct process was not followed. However, given the process that was carried out, the observations made and the response to those observations officers are satisfied that, as far as it is possible to do so, due regard has been given and responses made as required under the Regulations at this time.
- 8.2 There is therefore no reason why the proposed contracts for both consultants and contractors cannot now be offered, subject to the usual "Alcatel" period.

### Attachments: Three appendices

- Attachment A: summary of observations: Contractors  
Attachment B: summary of observations: Consultants  
Attachment C: 9<sup>th</sup> June DH Procurement Cabinet Report



*Appendix 1*

Major Works Contractor Procurement – Summary of Observations

Observation Number	Summary of Observations made by leaseholder	Summary of our responses to the observations
9,50,71,78, 80,92	<p>No information about the works my building will receive.</p> <p>1) Would like a definition of Internal/ external works.            2) Water and Electric supply do not originate @the external boundary of my flat, both enter my flat from tenants flat below. In view of this I believe the freeholder should be responsible for services up to the stop cock and consumer unit respectively. If you intend to plumb &amp; rewire the flat below I expect you to include these bits of mine.</p>	<p>Should your building be scheduled for works you will be consulted further. This consultation is to enter into a work agreement with Contractors in order to carry out a programme of works over the next 3 years. We do not have the full programme or surveys at this stage.</p> <p>1) External works, these can be any work item to the outside of your building include works to the grounds and common parts areas such as landings and stairwells. In comparison internal works will be to the interior of the Tenanted Units the costs of which will not be shared with Leaseholders for payment.            2) In respect of demise and repair obligation of wiring and pipework that run through other properties, if they serve your flat a lone regardless of their location they will be your responsibility as a leaseholder to maintain, repair or renew as per the terms of your lease.</p>
7	<p>All additional paperwork must be extra cost in admin which I assume will be added to new service charge. What can we do to reduce the admin/ associated costs and paperwork which fail to address my key concerns, flooding through my letterbox? e.g. email instead / one pack per address</p>	<p>Paperwork costs are covered by the fees for carrying out the Major Works, we are legally required to send you this paperwork and we looked to avoid duplications by serving these 2 separate consultations with in one posting.</p>
9	<p>Feels issue is getting works done at best value for money, without prices difficult to comment. Will they be informed in advance which contractors have been selected and the basis of selection and the likely costs</p>	<p>We are entering into agreements with the contractors and consultants and you will be notified in advance of the works being carried out and the associated costs that relate to the building your property forms part of.</p>
10		

**Major Works Contractor Procurement – Summary of Observations**

7,18,22,38, 68,46,75, 121	No Comment	N/A
11	Comments about the council, mayor and expenditure of council  Why does no one ask the leaseholder what we want and meet us on site, it is our money	Not relevant to this consultation  We will consult with Leaseholders further when we look to carry out the works. As a Landlord we have obligations under the terms of the lease to maintain and repair the building.
12	I have an on-going leak despite previous works being carried out for which I am still paying old balance.	This observation does not relate to this consultation; however the issue has been forwarded to the surveyor who oversaw the last major works to look into.
14	I note you say you always listen to leaseholders but since I've been asking for my account full print out from 2008 I have not had a response, gives little faith	Statement Issue, not relevant to this consultation, and the issue has been passed to the collections team to action
15	Concern regarding the appointment of Apollo in view of Health and Safety issues.	This is currently being investigated at Tower Hamlets Homes and pending a decision. A further response will be issued.
20	Extensive works were carried out with in last 5-6 years and works listed appear to duplicate works carried out. Why are works repeated? Matters relating to insulation should be subject of separate grant and the schedule must be more specific in terms of works to be undertaken	This Building is in the current programme for works in the next 3-4 years. You will be sent details following a survey of the building in advance as part of a further consultation. We do not have details at this time but we do not plan to duplicate works unless there is good reason and we would look to explain in such an instance.
24	No works planned to my building as per the letter. In S20 Explained booklet it says the council has to notify leaseholders of costs or a date when costs will be given. I would expect this info if any works are planned.	Your section 20 Notice letter has a paragraph advising that at present your property is not included in the works programme. Should your building be scheduled for works you will be consulted further.
30		

### Major Works Contractor Procurement – Summary of Observations

32	<p>Unhappy with the works currently being carried out no work has been carried out like in other houses such as bathrooms and kitchens. Work was promised to me but not carried out. The work carried out does not justify the charge and my windows are not fit for purpose. Children trip over the wiring work carried out in my flat for the communal area</p>	<p>These comments are not related to the current consultation and relate to works currently being carried out. Your query has been forwarded to John Peters from London Borough Tower Hamlets who has been dealing with these works.</p>
2,33,34,36,41,77,84,87,78	<p>Payment concerns</p>	<p>No costs were advised of at this stage and once works are programmed costs will be compiled and will be advised of during a further consultation. Payment Options and details of assistance will be made available in addition to the consultation.</p>
27,106	<p>How much of £160 million budget is allocated to us</p>	<p>The £160 million budget is to cover the tenanted element of the works on all buildings included in the 3 year programme, no specific allocation is given at this time to individual buildings. Leaseholder costs are in addition to the £160 Million</p>
27	<p>1)How do I know if my block is included in the programme? Are landings, staircases and tiles included. 2) I have condensation in 3 of my windows. Can you help, do I need to pay and how much? 3) The landings and staircases are in poor condition we had promises 2 years ago but nothing happened. We want to paint the stairwells even though we were advised that due to Health and Safety we could not. We are thinking of buying paint to go ahead and do the work ourselves if nothing happens in January.</p>	<p>1)Your block is listed currently for inclusion with in the 3 year programme about to commence April 2013. 2) You will be consulted in respect of works and costs following the survey, windows will be considered. 3) Your building is in the programmed to have works, we are finalising the details of the programme at the moment. Staircases and landings are included as part of the works.</p>
39,40	<p>Queries regarding additional costs to those currently paid</p>	<p>We are entering into agreements with the contractors and consultants and you will be notified in advance of the works being carried out and the associated costs that relate to the building your property forms part of.</p>

**Major Works Contractor Procurement – Summary of Observations**

43	<p>In the letter dated 17/12/12 under paragraph heading Important Information it says that there are no works planned for my block. Is this the same works that we were earlier informed of in your letter, 'Major Investment in your homes'?</p>	<p>Email explained the reason behind 'Major Investment in your homes' letter to keep leaseholders abreast of future works. Explained that although the DH S20s referred to the same works I confirmed that this property was not included in the programme, these contractors could be used on their block if necessary.</p>
44	<p>We have been informed that works are to undertaken under decent homes and leaseholders could have to pay very large bills should think of how the bills are to be paid. Some works are needed but why are you carrying out works that have not been requested nor needed e.g. door entry system.</p>	<p>Email explained the reason behind 'Major Investment in your homes' letter to keep leaseholders abreast of future works. Explained the reason behind DH works and the type of work to be carried out. I confirmed that this property was not included in the programme; these contractors could be used on their block if necessary.</p>
45	<p>Why did you send me a notice of proposal to enter into long term agreement with contractors/consultants even though my block is due to be demolished therefore the notice is not applicable to my block.</p>	<p>Wrote to L/H to confirm that the block is due to be demolished within the next 4 years and THH's is still consulting with residents in case works arise that are essential and rechargeable</p>
47	<p>Lessee believes that no works will be carried out to her block (structural, internal &amp; communal areas), however, and feels they will be contributing towards the cost for works carried out to other blocks.</p>	<p>Your building is not currently part of the proposed programme of works. You will not be charged for work carried out on blocks not covered under the same service charge as your building, or for the decent homes works with in tenanted flats.</p>
49	<p>LH does not want THH to employ consultants, they believe this job should be carried out by THH officers</p>	<p>This consultation relates to the appointment of contractors, consultants are covered under a separate consultation</p>
50	<p>State that there were substantial amount of works undertaken over the previous years. Why does work has to be repeated, a report from the building surveyor with reference to each item in the specification where works has to be carried out, stating the reasons why it is necessary to undertake</p>	<p>The contractors and consultants will look to survey the building to ascertain the required works and provide prices that relate to your building specifically. Once we have these prices we will do a further consultation and you will be able to comment further on the contractors prices.</p>

### Major Works Contractor Procurement – Summary of Observations

	the work.	
	<p>1/ Project management cost should be managed by THH.</p> <p>2/ Long Term Contracts is unfair,</p> <p>3/ Additional cost to Leaseholders and this may eventually go to tribunal.</p> <p>4/ Long Term agreements are expensive and cost is unreasonable.</p> <p>5/ THH needs to explain how this is Value for Money.</p>	<p>Project Management is considered under a separate consultation. This consultation relates to contractor appointment.</p> <p>Long term contracts offer value for money through economies of scale. These contracts are competitively tendered.</p>
52	<p>Project management cost (PMC) is inappropriate additional cost and should be included.</p> <p>THH wasting LH's money.</p> <p>We pay for Major works team and now paying for Project Management.</p> <p>Long Term Agreement (LTA) is costly, hence high maintenance bill for us.</p> <p>Cost are being disputed by Leaseholders</p>	<p>Project Management is considered under a separate consultation. This consultation relates to contractor appointment.</p> <p>We are carrying out necessary works and ensuring that the contracts are administered in the correct way and as permitted under the terms of your lease.</p> <p>Long term contracts offer value for money and economies of scale. These contracts are competitively tendered.</p> <p>Details of the works and their costs will be made available following a survey as part of a further consultation for the contractor</p>
53	<p>Leaseholder does not want us to damage the interior of their property.</p>	<p>If you are on the top floor or works access is required through your flat, photographic record and a condition survey will be carried out ahead of the works.</p>
56	<p>1/ No objection to MW, however maintenance needs to be carried out on a regular basis.</p> <p>2/ Feels that if reporting a repair nothing happens.</p> <p>3/ Maintenance should be carried out regularly and when repairs are reported, it should be dealt with quickly.</p>	<p>Consultation is to inform Leaseholders as to whom the contractors and consultants are to carry out decent homes works. Your property is not in the current proposed programme, but this is subject to change.</p> <p>Repairs queries unrelated to this consultation. The repairs team have been contacted regarding the water pipe issue.</p>
57		

**Major Works Contractor Procurement – Summary of Observations**

60	<p>1/ LH want to be contacted via email (LH abroad).                  2/ LH want to opt into the additional refurbishment works i.e. kitchen and bathroom.</p>	<p>1) We will respond by email, however a UK correspondence address is required, please advise if this differs from your property address.                  2) When works are due to commence on site, you will be advised of any contractor offers for kitchen and bathrooms. These offers are subject to a private agreement between Leaseholder and the contractor.</p>
58	<p>1/ What benefit will the Leaseholder have for having Long term agreement?                  2/ Already paid £100.00 towards the estate cost.                  3/ Contributed £166.00 towards bricks and mortar in the last couple of years.                  4/ water dripping outside the living room door continuously, nothing has been done about it. No one knows where the water is coming from.</p>	<p>Long term contracts offer value for money and economies of scale. These contracts are competitively tendered. The repair issues noted are not considered under this consultation and will be passed on to your Neighbourhood Officer</p> <p>There are no works currently planned to your building, this is noted with in your consultation notice. We will consult you further if your property is brought into the programme. Your comments regarding the works already carried out are not particular to this consultation and have been forwarded to John Peters London Borough of Tower Hamlets who is carrying out the current major works to your Estate.</p>
61	<p>Never ask Lessees before carrying out internal works. Without consultation, started external works &amp; asking for money.                  Works completed so far not satisfactory. Expensive project for LH to pay for. Lessees should have the right to decline paying to unnecessary repairs, i.e. water pump - it's not needed &amp; wasting money                  See very little changes i.e. lighting,                  Lessees are not satisfied, if it's not Value for Money</p>	<p>Your building is in the 4 year programme, we do not have details of when the works will commence but you will be notified. Apollo contractors – we do not have details of which properties the successful tenders will be working on at this time. We have investigated concerns with Apollo and are currently satisfied that they can meet the needs of the</p>
62	<p>1) Will the works affect my property.                  2) Do not want Apollo on this project.                  3) Scaffolding should not go up too early as it is not</p>	



### Major Works Contractor Procurement – Summary of Observations

	cost affective.	programme on the basis they are awarded work. Scaffolding will go up at the start of the works and the Project Management team will oversee this
65,66,67	<p>Prior to any works carried out Leaseholder requests for all details concerning the works must be sent to Leaseholder, i.e. breakdown of the work, final cost as they stated they cannot pay large bills.</p>	<p>When your property is due for works a survey will be carried out and under a further consultation you will be advised of the details of the work and costs. When works planned to your property are due to commence we will provide payment options for you to consider along with a further consultation providing costs and details</p>
69	<p>1/ Confirm if the works will be carried out to their block?                  2/ Documents/pages needs to be numbered.                  3/ Are all the contractors are same size, i.e. Breyer is a very large company and will incur higher intended cost compared to smaller companies.                  4/A great number of sub-contractors will be needed.                  How will you control that aspect of the works?</p>	<p>1/ No works will be carried out to Bicknell House.                  2) Thank you we will give consideration to this.                  3/ Breyer and the other 2 contractors have provided competitively tendered cost in accordance to the contracts and do not reflect on the size of the companies.                  4/ The consultants together with the in-house technical team will be responsible for the performance of the contractors to ensure the quality of works to meet the residents expectation despite the number of various sub-contractors used.</p>
70	<p>Refurbish works should include the enclosure of stairwells &amp; provision of locked doors on the street. The stairs are used by passers-by for drugs and alcohol taking. Enclosure would help thermal insulation of the block</p>	<p>Surveys will be carried out ahead of works commencing on site. You will be further consulted providing you details of the works and costs.</p>
71	<p>How is it decided which block gets which works?                  There has been a lack of Preventative maintenance over the years will we be accountable for this neglect?                  Are these major works or fixing this neglect how are you differentiating?</p>	<p>A survey will be carried out if we plan to do works, this will determine what works are required. Leaseholders will be required to pay their proportion of the cost of the works</p>

**Major Works Contractor Procurement – Summary of Observations**

73	<p>1) Would like an option to carry out privately some works such as window replacements. Once the recharge estimate is known to allow flexibility and determine if THH have obtained value for money. THH could save on Leaseholder costs by waiving planning permission on basis private work meets the minimum standard for THH Decent Homes</p> <p>2) Please send me the detailed spec for double glazing.</p> <p>3) I wish to be part of the consultation group.</p>	<p>1) Tower Hamlets Policy is that you can seek permission to carry out window replacements privately, however we will not grant permission if window replacements are due to take place within 6 months from the date of your request.</p> <p>2) You are welcome to inspect the documents. Please contact Leasehold Services on 020 7364 5015.</p> <p>3) It is too late to join the panel for this consultation. I have passed you name to Gabriel Brown advising of your interest in becoming an involved resident.</p>
76	<p>Crime rates are high can a locked storage area be provided and the pipes need refurbishment as they smell</p>	<p>The issue of storage provision is not part of this consultation and has been passed to your Neighbourhood officer. In terms of the pipes, a survey will be carried out ahead of any works; this will determine the extent of any works that are required.</p>
79	<p>1) Damp Problem should be addressed as a major repair as per petition dated 15/05/12, would like an update.</p>	<p>This issue is being looked into aside from this consultation. This consultation relates to appointment of contractors and not to specific items of repair.</p>
80	<p>1) Would like copy of observation reply from March consultation.</p> <p>2) When would works start &amp; What's the timetable for programme?</p> <p>3) What are the programme cost and my contribution?</p> <p>4) Are the service charges going to offset the service charges which are already high?</p>	<p>A copy is being sent to you. There are no works currently planned to your building, this is noted with in your consultation notice. We will consult you further if your property is brought into the programme Leaseholders will be required to pay their proportion of the cost of the works; these works are additional to those costs charged through the day to day service charge.</p>

**Major Works Contractor Procurement – Summary of Observations**

83	<p>1) Why do leaseholders pay and tenants don't?                  2) Why has the Governments money given to Tower Hamlets not been used for hardworking people.                  3) Before works are carried out a meeting should be held for Leaseholders to discuss the plans.</p>	<p>1) &amp; 2) Leaseholders are owners of their property and have signed a lease which details repair payment obligations. Tenants pay some money on a monthly basis which contributes towards maintenance, the Government funding covers the tenanted units.                  3) When works are due to commence the consultation team will be looking to visit residents in addition to surgeries or meetings.</p> <p>1) Internal works as part of the programme are not included to Leasehold flats; there will be internal works to common parts hallways.                  2) When the surveys are carried out we will be able to assess at that time if replacement double glazing installed by Leaseholders meets the standard required. At the time.                  3) A Breakdown of costs will be provided as part of a further consultation specific to your building.</p>
88	<p>Are there any works proposed for my block?</p>	<p>Explained QLTA Consultation, Decent Homes Programme, Butler House is in lot and Leaseholder will be consulted when works become due</p>
90	<p>Can I be involved in the decision making and review of proposals? I recently met with the chief executive regarding improvements to the common parts, details attached.</p>	<p>3) There is no opportunity available at this time for this contract, however residents will be made aware that their property is going to be surveyed and can contact us then, in some situations focus groups or surgeries will be held and residents can discuss the proposals.                  4) These works relate to the decent homes programme, a number of your items may fall under decent homes, other improvement ideas may be considered by your Neighbourhood team, the details you provided will be passed on to them.</p>
92	<p>Little or no information in order to provide meaningful observations on.</p>	<p>1) Consultation regulations require us to consult on long term agreements. This consultation is to enter into agreements to carry out the major works programme</p>
93	<p>2) If THH carried out routine servicing in terms of repairs this would preserve the integrity of the</p>	<p>1) Consultation regulations require us to consult on long term agreements. This consultation is to enter into agreements to carry out the major works programme</p>

### Major Works Contractor Procurement – Summary of Observations

	<p>building.</p> <p>3) Will costs be incurred if no works are planned to the building, and would costs differ in the works were project managed in house.</p> <p>4) What is the role of the in house technical team and is this covered under Council Tax contributions, Service Level Agreement and passed on to Leaseholders in their standard service charges.</p> <p>5) A number of local tenants have raised concern over the quality of the work carried out by contractors undertaking kitchen and bathroom works, how will THH manage the quality of the contractors work.</p> <p>6) No planned maintenance or routine inspections or repairs are carried out if residents report a problem. How will THH carry our economically the surveys necessary now when in 2011 it was deemed too expensive to do the survey due to access and also consult.</p> <p>7) Please provide data to support the claim that Qualifying Long Term Agreements are the most economical method of tendering and assert cost savings.</p>	<p>with contractors for the next 4 years. Surveys will be carried out ahead of works and the details and prices will be made available during a further consultation.</p> <p>2)It is important to distinguish between general day to day repairs contract and the much larger major works programme which includes refurbishment, roof renewal, and replacement of large amenities such as lifts and plant. This consultation relates to a 4 year programme of major works.</p> <p>3)You will only be charged if costs are incurred relating to your block.</p> <p>4)The in house team will provide Contract Administration and work closely with the contractors as part of their remit. The major works fee covers the contract administration. Any contribution from council tax or other council revenue is not permitted in law.</p> <p>5)The works to kitchens and bathrooms carried out to tenants does not form part of this consultation. However in terms of assurance, the in house contract administrators in addition to the consultants will monitor the work of the contractor and if complaints are received they will be investigated.</p> <p>6) This query relates to responsive maintenance whilst this consultation is in relation to major works programme.</p> <p>7)You can view the Schedule of Rates used by Tower</p>
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**Major Works Contractor Procurement – Summary of Observations**

		<p>Hamlets Homes. Percentages were applied to a schedule of services composed for decent homes professional services required to meet this contract. Day rates were also competitively tendered for additional ad-hoc professional services. Please contact Leasehold Services to make this appointment.</p> <p>Qualifying Long Term Agreements allow us to competitively tender for the contracts and to enter into a contract with costs set for a maximum of 4 years, this allows us the benefit of costs maintained at the same rate for the duration and not increasing in line with inflation for labour and materials.</p>
	Please confirm if my property is in the programme.	This property is not currently in the proposed programme for the next 3 years. Should works be brought forward a survey will be carried out to determine the required works and you will be consulted as a result about the works and given a further report.
94		
95	Please can I view the plan for the works.	The plan is not currently available, you will be notified when works are planned to your property
96	There is nothing wrong that needs repair, only minor damage caused by abuse of the building from jobs and the caretakers	A survey will be carried out to determine the works required, you will be further consulted about this. Please provide further details about the caretakers not doing their jobs properly... To report any antisocial behaviour please call the ASB officer Florence Adeyemi on 0207 364 5015.
97	They did not do any major works as per the consultation to my house.	There are no works currently planned to your building, this is noted with in your consultation notice. We will consult you further if your property is brought into the programme.

### Major Works Contractor Procurement – Summary of Observations

98, 104	No work is required to the interior of my flat.	Interior works to flats are only to be carried out to Tower Hamlets tenanted units.
100, 102	<p>I would like to do my own tender and know a few professional registered contractors. Please send me details of the works involved so I can obtain estimates.</p> <p>My windows need repairing, are they included.</p>	<p>These works were tendered competitively and the contracts were advertised in Official Journal of The European Union. Unfortunately the time has passed for contractor bids for this work.</p> <p>A survey will be carried out to determine the works required, you will be further consulted giving you details of costs and works to be carried out. Windows will be considered during the survey, if you feel the issue is urgent please call the repairs team on 020 7364 5015.</p>
105	<p>What's the maximum amount of money a leaseholder can be charged for major works? When will leaseholders be required to pay? Can leaseholders inspect the project cost documents?</p>	<p>There is no maximum charge, however if you meet certain criteria you may be eligible for assistance. Payment options will be provided along with costs as part of a further consultation following a survey of your building.</p> <p>You will be sent an estimated invoice when works commence on site. You will be notified ahead of works going ahead this will depend on when your property is planned under the programme. We are awaiting finalisation of the programme. You can inspect the current tender documents. You will also be able to view the contractors cost for your building as part of the next consultation following the survey.</p>
106	<p>1) Notice does not comply with regulations. 2) Notice contains a statement that is not accurate. 3)a) Contract Prices being held for duration of the contract. 3)b) Project Management and role of inhouse team. 3)c) Listening and working with Leaseholders 3)d) If responsive repairs were carried out the need for major works would not be there.</p>	<p>1) We have complied because we cannot give the individual cost or the total cost of the contract, we can give schedule of rates but it is too large to include with the notices so we invited you in to view it if you wished. 2) Whilst you are currently not in the programme you have been consulted as there is potential that we may carry out works to your building if we feel that they are best carried out under this contract at any point over the next 3-4 years. We have no plans to seek dispensation from Schedule 2</p>
114		

**Major Works Contractor Procurement – Summary of Observations**

	<p>consultation.</p> <p>3)a) You can view the Schedule of Rates used by Tower Hamlets Homes. These rates are set by the Royal Institute of Chartered Surveyors and are standard across the industry, contractors will advise if they add or subtract a percentage against the schedule of rates. Please contact Leasehold Services to make this appointment.</p> <p>Qualifying Long Term Agreements allow us to competitively tender for the contracts and to enter into a contract with costs set for a maximum of 4 years, this allows us the benefit of costs maintained at the same rate for the duration and not increasing in line with inflation for labour and materials. The use of long term contracts for maintenance of property is in accordance with best practice for social landlords and with Government guidance.</p> <p>3)b) Your observation response is marked as relating to Schedule 2 Notice of Proposal - Contractor. Comments relating to the consultation in respect of project management do not form part of this consultation and should have been made separate to those of the contractor. I can advise that the in house team will provide Contract Administration and work closely with the contractors and consultants who offer specialisms not covered in house as part of their remit. The major works fee covers the contract administration.</p> <p>3)c) Due regard meetings were part of this consultation. We plan to offer surgeries, residents meetings and door knocking exercises as part of the non-statutory consultation process. Where workable we may also seek to work with focus groups.</p> <p>3)d) It is important to distinguish between general day to day repairs contract and the much larger major works programme which includes refurbishment, roof renewal, and replacement of large amenities such as lifts and plant.</p>
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**Major Works Contractor Procurement – Summary of Observations**

120	<p>1) Communal Entry System</p> <p>2) Do not wish for window and door replacements.</p>	<p>A survey will be carried out ahead of any works taking place, the age and condition of windows and entrance doors will be taken in to consideration. Not all buildings will receive door entry installations, again this will be considered and if required you will be consulted further.</p>
119	<p>Do not wish for further money to be spent on this building for refurbishment. The building has good quality Windows and doors.</p>	<p>When your property is due for works a survey will be carried out, this will look at elements such as windows and doors. Details of plans to carry out works will be made available as part of a further consultation.</p>
118	<p>It is important to have works carried out but would like consideration to demolition of the building and a new building in it's place that is more modern.</p>	<p>This consultation is for major works contractors, this does not cover demolition. At this time no consideration is being given to demolition of your block with is currently with in the programme of works to be carried out over the next 3-4 years.</p>
116	<p>Major Works Just completed and was advised no further works were planned for a long time. Why are these works needed.</p>	<p>Your notice letter advises that your property is not currently part of the proposed programme. You are being consulted in this instance in case works are required and we need to carry them out we can do so as part of this contract.</p>

**Introduction**



### Major Works Contractor Procurement – Summary of Observations

Three separate meetings were held between the parties named in the chart below to consider the observations returned in response to the section 20 consultation that commenced for the procurement of Major Works Contractors. The meetings were scheduled as follows:

Observation Numbers	Date of Meeting	Time of meeting	Attendees	
1-44	4 <sup>th</sup> January 2013	1230 – 1330hrs	Jo Freestone Gary Smith Stewart King	Leasehold Services Leasehold Services Property Services
45-54, 56-69	18 January 2013	1000 – 1130hrs	Jo Freestone Gary Smith Sultana Parvin John Stephenson	Leasehold Services Leasehold Services Leasehold Services Property Services
55, 70 -113 excluding 112.	30 January 2013	1530 – 1630hrs	Jo Freestone Gary Smith Stewart King	Leasehold Services Leasehold Services Property Services
114-124	18 February 2013	1500 – 1545 hrs	Jo Freestone Ben Whiteside	Leasehold Services Leasehold Services

### Methodology

## **Major Works Contractor Procurement – Summary of Observations**

Each party to the meeting was provided with a copy of the observation and the observation were then read out with the points raised discussed. Notes were made on the nature of the observation and on the intended way the observations would be addressed. The observations have each been given a number which relates to the individual's observation return form and is listed in a table retained in confidence in our offices. The observation numbers are loosely allocated in order based on the arrival of the observation to our offices and do not relate to any individual address in any structured way to preserve anonymity.

The numbers do not run strictly from 1 to 110 and there are some numbers which do not appear, this is because the observations that were returned may have related to observation on the Major Works Contractors procurement. The Major Works Project Management observations were considered at the same time as those for the Major Works Contractors, but are summarised separately. Some observations show reference to a more than 1 observation, this is because these were observations that were in common with other observations and for the purpose of a concise report they have been shown as one.

### **Overall Summary**

Our intended action for any observation which were/are relevant to the proposed contractors work would be to consider them as the appointment process developed and where considered appropriate incorporate relevant measures or changes into our requirements and documents. We do not consider that we received any relevant observations which brought out matters that we had not already considered and incorporated into the process or have plans to do so.

A number of responses made reference to issues which are not relevant to the procurement subject to this consultation process, the issues raised however will be followed up separately.

The most common theme of observations received related to the lack of information and costs of any proposed works to their specific building. This has been partly due to leaseholder's misinterpretation of the consultation documents. This consultation relates to Tower Hamlets Homes proposal to enter into agreement with contractors to undertake major works over a 4 year period. As and when individual buildings or estates are programmed for works, a survey will be under taken and the leaseholders advised through a further Section 20 Consultation specific to each building/service charge block.

Concerns about the potential costs and concerns in respect of how Leaseholders would be able to afford the cost of the forthcoming major works. Cost is a serious concern for Tower Hamlets Homes Leaseholders and we believe that the process that is being adopted should help ensure that there is good value for money. Our payment options have been reviewed and will be implemented as soon as possible. Leaseholders will receive an Estimated Invoice following the start of the works commencing on site for their block. A

### Major Works Contractor Procurement – Summary of Observations

Final Account Invoice will be issued following the end of the defect liability period as set out in the contract. All Leaseholders will be provided with payment option details when they are issued their Estimated Invoice for the Major Works. As an offer to Leaseholders the Major Works Consultation Team are intending to door knock, hold surgeries and meetings and will in each instance have details available on these options and look to discuss these options with residents with particular onus on signposting to potential assistance

Concern was raised in respect of the company – Apollo. Tower Hamlets Homes have investigated the issues surrounding previous performance issues which we are aware related to a sub-contractor no longer used by Apollo. Tower Hamlets Homes are satisfied that Apollo have measures in place to prevent further instances of the similar instances occurring.

### Viewing Documents

We received 3 requests to view the documents and these are noted as:

Date of Viewing	Time and Location	Comments Made	Requests Made	THH
28 January 2013	1200 -1300hrs Jack Dash House	Documents lengthy	Copies of Contractor Submissions	This was provided.
29 January 2013	1200 -1300hrs Jack Dash House			Leaseholder did not attend.
31 January 2013	0800 -0930hrs Jack Dash House	Written comments received after the end of consultation.		The comments will be responded to aside from the consultation.

**Written Observations were received from leaseholders from the following blocks:**

Welton House

Melwood House

Sims House

## Major Works Contractor Procurement – Summary of Observations

Whitton Walk	Kiln Court	Storey House
Colstead House	Lawless house	William Fenn House
Harpley Square	Fraserburgh House	Jackman House
Ellen Wilkinson house	Helyn Square	Biscay House
Southwater Close	Rhodeswell Road	Robin Hood Gardens
Lowood Street	Stepney Way	Brierly Gardens
Carmichael House	Louise De Marillac House	Genoa House
Keats House	Ellen Street	Offenbach House
Henley House	Eversley House	Tillet Way
Clarke Street	Rosebank Gardens	Driftway House
Dellow House	Campbell Road	Key Close
Granby Street	Joseph Irwin House	Shadwell Gardens
Gullane House	Doughty Court	Emmott Close
Abingdon House	Troon House	Frederick Charrington House
Pennyfields	Bicknell House	Bradley Lynch Court
Thornwill House	Withy House	Bracken house
Seagrave House	Burwell Walk	Butler House
Thomas Hollywood House.	Lister House	Donegal House

## Major Works Contractor Procurement – Summary of Observations

Devitt House  
Cromarty House

Chudleigh Street

James Brine House

### Telephone Queries

A Number of telephone queries were also taken, these were not considered as part of the due regard process but were answered at the time by the Consultation Officer taking the call. A common theme was what works were planned and if their building was in the programme. A log of these calls is also held by Tower Hamlets Homes.

### Parties to the meeting:

We the parties to the meeting confirm that the details in this document are a true reflection of the due regard meetings as detailed in this document

Jo Freestone  
Leasehold Services Team Leader  
Leasehold Services

Stewart King  
Quantity Surveyor  
Property Services

John Stephenson  
Major Works Surveying Manager  
Property Services

Gary Smith

Sultana Parvin

Ben Whiteside

**Major Works Contractor Procurement – Summary of Observations**

Consultation Officer  
Leasehold Services

Consultation officer  
Leasehold Services

Leasehold Team Manager  
Leasehold Services

Appendix 2

Consultants – Major Works Project Management Procurement – Summary of Observations

Observation Number	Summary of Observations made by leaseholder	Summary of our responses to the observations
3 4,13,28,35,54, 75,81,86	Can someone help me with my questions. Payment concerns	An appointment has been made and carried out. The notice you received advised that your property was not currently in the programme for works, however we were consulting in case your property was brought into the programme to ensure that we could proceed with the next stage of consultation and seek to carry out works if needed
5	To make all observations and viewings/ inspections of all proposed works affecting their block .	The consultation provides for you to view the documents for this consultation. The details are within the S20 Notice for the viewing of the current documents. You will be sent a summary of all observations following the consultation. The details of any proposed works to your building will be made available as and when these works are programmed. Your Consultation letter advises that your property is not at this time included in the current programme for the next 3 years.
1,6,19,23,68,89, 122	No Comment	N/A
8	1) Selection Procurement Panel, please add my name to list of interested residents. 2) Costs Versus In House Staff - Don't understand cost of external consultants can be same or less. External consultants to generate profit for shareholders or business owners and in house staff do not. This implies the in-house team are significantly overpaid and overqualified for the job so may be not the right people.	1) You will be contacted you direct about joining resident groups that work with us. Please note this will be too late for this current consultation. 2) The fee for major works applies if using internal or external staff to oversee the works. For all Major Works we apply a fee for overseeing the works, this would be the same if we use internal or external. We are permitted to charge this fee under the terms of your lease to cover this cost.
9	1) The notice papers gave no idea what works will be carried out on my block or the costs. 2) All additional paperwork must be extra cost in admin which I assume will be added to new service	1) Your section 20 Notice letter advises at present your property is not included in the works programme. Should your building be scheduled for works you will be consulted further. This consultation is to enter into a

**Consultants – Major Works Project Management Procurement – Summary of Observations**

	<p>charge. 3) What can we do to reduce the admin/ associated costs and paperwork which fails to address my key concerns, flooding through my letterbox? e.g. email instead / one pack per address</p>	<p>work agreement with Contractors and Consultants in order to carry out a programme of works over the next 3 years. . 2&amp;3) Paperwork costs are covered by the fees for carrying out the Major Works, we are legally required to send you this paperwork and we looked to avoid duplications by serving these 2 separate consultations with in one posting.</p>
10	<p>Feels issue is getting works done at best value for money, without prices difficult to comment. Will they be informed in advance which contractor/manager have been selected, the basis of selection and the likely costs</p>	<p>We are entering into agreements with the contractors and consultants and you will be notified following this consultation who has been selected. The costs will be notified during a further consultation in advance of the works being carried out and the associated costs that relate to the building your property forms part of.</p>
16	<p>Still paying for refurbishment works a few years ago, way are further refurbishment necessary, would like full print out of statement.</p>	<p>1)Statement Issue, not relevant to this consultation, however the issue has been passed to the collections team to action. 2) Johnson House will only be having internal works to tenanted units under the current decent homes plans. Costs of the works with in the tenanted units will not be shared by the Leaseholders for the block.</p>
17	<p>I do not need windows/doors replaced and object to any communal heating installation, I wish to opt out of any system reconfigure on the estate. Can a new system bypass this flat affording the right to choose how much heating and hot water used annually, the fixed rate system is bad.</p>	<p>Leaseholders are responsible for front doors. Windows are likely to be replaced as part of the works except where Leaseholders show they have replaced windows to our standard. The council has a no opt out policy for district heating so it will not be possible for us to bypass individual flats.</p>
21, 37, 41	<p>Hard to comment when financial implications are absent.</p>	<p>No costs were advised of at this stage and once works are programmed costs will be compiled and will be advised of during a further consultation.</p>
25	<p>1)Council planning department has existing in house technical team, so why employ external project management contractors which cost 10's of thousands</p>	<p>1)The fee for major works applies if using internal or external staff to oversee the works. For all Major Works we apply a fee for overseeing the works, this</p>



**Consultants – Major Works Project Management Procurement – Summary of Observations**

	<p>of pounds.</p> <p>2) Future correspondence please number the pages.</p> <p>3) In house technical inspectors should liaise with repairs to find out the issues with leaking roof, flat roof with rubbish on for years, gutters overgrown, no one cleaning them they should be inspected once a year.</p> <p>4) We do not need £160 million pound job if normal maintenance took place once a year.</p>	<p>would be the same if we use internal or external. We are permitted to charge this fee under the terms of your lease to cover this cost.</p> <p>2) Thank you for your comment this is not relevant to the consultation however we will look to do this where ever possible.</p> <p>3) A survey will be carried out ahead of the works being carried out and you will be consulted further and able to comment on any outstanding issues.</p> <p>4) The £160 million budget is to cover the tenanted element of the works on all buildings included in the 3 year programme, no specific allocation is given at this time to individual buildings. Leaseholder costs are in addition to the £160 Million.</p>
26	<p>1) How do I know if my block is included in the programme? Advised in 2009 major works would be required to landings, staircases and tiles.</p> <p>2) I have condensation in 3 of my windows. Can you help, do I need to pay and how much?</p> <p>3) The staircases and landings are in poor condition we had promises 2 years ago but nothing happened. We want to paint the stairwells even though we were advised that due to Health and Safety we could not. We are thinking of buying paint to go ahead and do the work ourselves if nothing happens in January 2013.</p> <p>4) How much of £160 million budget is allocated to my building.</p>	<p>1) Your block is listed currently for inclusion with in the 3 year programme about to commence April 2013.</p> <p>2) The windows with in your building are likely to be replaced pending survey, you will be consulted in respect of works and costs following a survey.</p> <p>3) Your building works will include the staircases and landings will be included as part of the works.</p> <p>4) The £160 million budget is to cover the tenanted element of the works on all buildings included in the 3 year programme, no specific allocation is given at this time to individual buildings. Leaseholder costs are in addition to the £160 Million.</p>
29	<p>No works are being provided to my building as per the letter. In S20 Explained booklet it says the council has to notify leaseholders of costs or a date when costs will be given. I would expect this info if any works are planned.</p>	<p>Your section 20 Notice letter has a paragraph advising that at present your property is not included in the works programme. Should your building be scheduled for works you will be consulted further.</p>
31	<p>Unhappy with level of consultation and not informed</p>	<p>These comments are not related to the current</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

45	<p>about the works carried out to their communal area to justify the £10k charge which was not properly explained and the works are still not completed.</p> <p>Why did you send me a NOP for proposal to enter into Long term agreement with Contractors/Consultants to carry out works under D/H's even though my block is due to be demolished therefore the notice is not applicable to my block.</p>	<p>consultation and relate to works currently being carried out. Your query has been forwarded to John Peters who is dealing with these works</p> <p>We confirm that as the block is due to be demolished within the next 4 yrs and THH's is still consulting with residents in case works arise that are essential and rechargeable.</p>
48	<p>Request cavity wall insulation to be installed, through government insulation support scheme (free of charge). Their block requires new windows to prevent heat loss and also the old windows are single glazed.</p>	<p>This property is not currently in the proposed programme for the next 3 years. Should works be brought forward a survey will be carried out to determine the required works and you will be consulted as a result about the works and given a further opportunity to comment.</p> <p>We are looking into any available grant funding.</p>
49	<p>LH does not want THH to employ consultants, they believe this job should be carried out by THH officers, by employing consultants THH are doubling the cost and it is a waste of money. LH also believes that Long Term Agreement is a waste of money.</p>	<p>The fee for major works applies if using internal or external staff to oversee the works. For all Major Works we apply a fee for overseeing the works, this would be the same if we use internal or external. We are permitted to charge this fee under the terms of your lease to cover this cost.</p> <p>The 2 consultations are about entering into agreements with contractors to carry the next 3 years programme of Decent Homes work and consultants to oversee these works. The contractors and consultants will look to survey the building to ascertain the required works and provide prices that relate to your building specifically. Once we have these prices we will do a further consultation and you will be able to comment further on the contractors prices.</p>
50	<p>1) Object to the items and specifications set out in the S20 notices and feel they are standard and not relevant to the current status of the block/building. 2) State that there were substantial amount of works</p>	<p>The 2 consultations are about entering into agreements with contractors to carry the next 3 years programme of Decent Homes work and Consultants to oversee these works. The contractors and consultants will look</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

	<p>undertaken over the previous years. Why does work has to be repeated, a report from the building surveyor with reference to each item in the specification where works has to be carried out, stating the reasons why it is necessary to undertake the work.</p>	<p>to survey the building to ascertain the required works and provide prices that relate to your building specifically. Once we have these prices we will do a further consultation and you will be able to comment further on the contractors prices.</p>
51	<p>1/ Major Works carried out less than 10 years ago, therefore LH does not consent to any works to be carried out.                  2/ Telephone conversation with Gary on 21/12/2013 confirmed no plans to carry out any Major Works - want confirmation in writing.                  3/ Leaseholder - property is in good condition &amp; cannot foresee the need for any future works.                  4/ Any proposed works, then provide as much advance notification as possible.                  5/ Provide a copy of the surveyors report on the building</p>	<p>Your building is not part of the proposed programme for Decent Homes work in the next 3 years. If for some reason your property is brought into this programme we will let you know and will provide you with prices and details of any such major works.</p>
52	<p>1/ MW project management cost should be managed by THH.                  2/ Long Term Contracts are unfair.                  3/ Additional cost to Leaseholder and this may eventually to tribunal.                  4/ Long Term agreements are expensive and cost is unreasonable.                  5/ Tower Hamlets Homes needs to explain how this is Value for Money.</p>	<p>The fee for major works applies if using internal or external staff to oversee the works.                  For all Major Works we apply a fee for overseeing the works, this would be the same if we use internal or external. We are permitted to charge this fee under the terms of your lease to cover this cost.                  Long term contracts offer value for money and economies of scale. These contracts are competitively tendered.</p>
53	<p>1/ Major Works (MW) project management cost (PMC) is inappropriate additional cost.                  2/ This MW PMC should be included with the MW cost.                  3/ THH wasting LH's money.                  4/ Leaseholders (LH) pay for MW team and now paying for Project Management.                  5/ MW Long Term Agreement (LTA) is costly, hence</p>	<p>1) The terms of your lease allow for us to recharge our costs for consultants and our in house costs for overseeing major works and costs involved with statutory consultations, this is in addition to an annual management fee which covers our day to day general management of your block.                  2) The project management cost is separated out as</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

	<p>high maintenance bill for LH. 6/ Cost are being disputed by LH.</p>	<p>this will be invoiced separately and provides clarity in terms of how this charge is applied. 3) We are carrying out necessary works and ensuring that the contracts are administered in the correct way, the cost of both will be recharged to Leaseholders as per their GRV and as permitted under the terms of your lease. 4) The fee for major works applies if using internal or external staff to oversee the works. For all Major Works we apply a fee for overseeing the works, this would be the same if we use internal or external. We are permitted to charge this fee under the terms of your lease to cover this cost. 5) Long term contracts offer value for money and economies of scale. These contracts are competitively tendered. 6) Details of the works and their costs will be made available following a survey as part of a further consultation for the contractor.</p>
55	<p>1/ Very little information in the package. 2/ Information can be presented differently i.e. rather than sending big quantities of paper for a box ticking exercise. 3/ Explain the purpose of the consultancy service and what it will achieve. 4/ Cut down on the amount of paper works and be more clear on the intention of the proposal.</p>	<p>This consultation relates to entering into agreements for consultants to oversee the project management for our proposed decent homes programme. When your property is due for works a survey will be carried out and under a further consultation you will be advised of the details of the work and costs. These consultations are statutory and a result we are required to provide you with the information you have received.</p>
56	<p>While carrying out MW on their block, LH does not want us to damage the interior of their property.</p>	<p>If you are on the top floor or works access is required through your flat, photographic record and a condition survey will be carried out ahead of the works.</p>
59	<p>Leaseholder, requesting to amend our THH records.</p>	<p>Thank you for your update</p>
60	<p>1/ LH want to be contacted via email (LH abroad). 2/ LH want to opt into the additional refurbishment works i.e. kitchen and bathroom.</p>	<p>1) We will respond by email. 2) When works are due to commence on site, you will be advised of any contractor offers for kitchen and</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

		bathrooms. These offers are subject to a private agreement between Leaseholder and the contractor.
63	<p>1/ Happy with the repairs and maintenance that Tower Hamlets Homes carries out.</p> <p>2/ Do not want further Major Works to be carried out or pay for any Major Works.</p> <p>3/ Happy with their building and the surrounding area.</p>	<p>There are no works currently planned to your building, this is noted with in your consultation notice. We will consult you further if your property is brought into the programme.</p>
64	<p>1/ Explain what the role of consultants will be?</p> <p>2/ Why such works cannot be carried out by existing THH staff?</p> <p>3/ How this represents Value for Money.</p>	<p>1/Need for consultants: to provide Cost management, direct contract administrator.</p> <p>2/ Contract is too big to be managed by THH staff, however in-house staff will be used for operational issues on behalf of the THH client.</p> <p>3/ Value for Money - contracts were competitively tendered, the consultants role will also be to ensure high quality and cost efficiency on site.</p>
65,66,67, 86	<p>Prior to any works carried out request for all details concerning the works must be sent to Leaseholder, i.e. breakdown of the work, final cost.</p>	<p>No works will start without carrying out S20 consultation. All works will require validation. Consultation meeting will be held.</p>
72	<p>1) If works are planned on my block will I get consulted and given more detail before it is finalised?</p> <p>2) How is it decided which block gets which works?</p> <p>3) There has been a lack of Preventative maintenance over the years will we be accountable for this neglect?</p> <p>4) Are these major works or fixing this neglect how are you differentiating?</p>	<p>There are no works currently planned to your building, this is noted with in your consultation notice. We will consult you further if your property is brought into the programme. A survey will be carried out if we plan to do works, this will determine what works are required. Leaseholders will be required to pay their proportion of the cost of the works.</p>
74	<p>Why are you not offering short term placements for jobseekers with the correct skills to supplement a project management office? This will save costs &amp; help people back to work.</p>	<p>Both Tower Hamlets Homes and the contractors currently used run Apprenticeship schemes.</p>
82	<p>Don't keep changing contractor, find one that will do work and won't charge high sums. I already pay maintenance through service charge why should I pay again for maintenance.</p>	<p>We enter into agreement with our contractors through a competitive tender process. We look for this arrangement to last for 4 years - this is the maximum duration the Government allows. These works are not part of the day to day maintenance that is charged</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

85	<p>1) When will services start and what's the programme schedule?                  2) Who will pay for consultancy service?                  3) Do we have rights to propose alternative?</p>	<p>through your annual service charge. We charge for these major works as and when they occur.                  1) The decent homes programme will commence from April and last for up to 4 years, however your building is not currently part of this programme.                  2) Costs will be applied to the buildings receiving works.                  3) There is no movement in the process at this time for you to propose alternatives.</p>
91	<p>1) It is noted that no professional services are to be provided e.g. architects, quantity surveyors etc.                  2) How will works be identified?                  3) Who will be scrutinising the tender docs?                  4) It is of concern that outside consultants will oversee the works.                  5) Please give assurance that you will enforce the default liability period.                  6) Ensure that contractors have sufficient insurance cover and will be subject to Liquidated and Ascertained Damages.</p>	<p>1) The consultants provided are in addition to the in house team and together form the professional team required to carry out the works.                  2) Contractors in conjunction with the consultants will survey and price the works. Where required investigative works and reports will be carried out.                  3)The Consultants                  4) These are supplementary to the in house team.                  5) &amp; 6) Works will be carried out in accordance with the contract and there will be penalties if they over run.</p>
93	<p>1) There is little or no information in order to provide meaningful observations on.                  2) If THH carried out routine servicing in terms of repairs this would preserve the integrity of the building.                  3) Will costs be incurred if no works are planned to the building, and would costs differ in the works were project managed in house.                  4) What is the role of the in house technical team and is this covered under Council Tax contributions, Service Level Agreement and passed on to Leaseholders in their standard service charges.                  5) A number of local tenants have raised concern over the quality of the work carried out by contractors</p>	<p>1) Consultation regulations require us to consult on long term agreements. This consultation is to enter into agreements to carry out the major works programme with contractors for the next 4 years. Surveys will be carried out ahead of works and the details and prices will be made available during a further consultation.                  2)It is important to distinguish between general day to day repairs contract and the much larger major works programme which includes refurbishment, roof renewal, and replacement of</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

	<p>undertaking kitchen and bathroom works, how will THH manage the quality of the contractors work.</p> <p>6) No planned maintenance or routine inspections or repairs are carried out if residents report a problem. How will THH carry our economically the surveys necessary now when in 2011 it was deemed too expensive to do the survey due to access and also consult.</p> <p>7) Please provide data to support the claim that Qualifying Long Term Agreements are the most economical method of tendering and assert cost savings.</p>	<p>large amenities such as lifts and plant. This consultation relates to a 4 year programme of major works.</p> <p>3)You will only be charged if costs are incurred relating to your block.</p> <p>4)The in house team will provide Contract Administration and work closely with the contractors as part of their remit. The major works fee covers the contract administration. Any contribution from council tax or other council revenue is not permitted in law.</p> <p>5)The works to kitchens and bathrooms carried out to tenants does not form part of this consultation. However in terms of assurance, the in house contract administrators in addition to the consultants will monitor the work of the contractor and if complaints are received they will be investigated.</p> <p>6) This query relates to responsive maintenance whilst this consultation is in relation to major works programme.</p> <p>7)You can view the Schedule of Rates used by Tower Hamlets Homes. These rates are set by the Royal Institute of Chartered Surveyors and are standard across the industry, contractors will advise if they add or subtract a percentage against the schedule of rates. Please contact Leasehold</p>
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**Consultants – Major Works Project Management Procurement – Summary of Observations**

		Services to make this appointment.
99	No work is required to the interior of my flat.	Qualifying Long Term Agreements allow us to competitively tender for the contracts and to enter into a contract with costs set for a maximum of 4 years, this allows us the benefit of costs maintained at the same rate for the duration and not increasing in line with inflation for labour and materials.
101, 103	I would like to do my own tender and know a few professional registered contractors. Please send me details of the works involved so I can obtain estimates.	This consultation is in relation to project management, we are only carrying works out internally to tenanted flats.  These works were tendered competitively and the contracts were advertised in Official Journal of The European Union. Unfortunately the time has passed for contractor bids for this work.
107	Why are leaseholders charged for project management when funds have been secured by central government.	The funds secured relate to Tower Hamlets tenanted units only.
108	Works have started without leaseholder consultation. Unnecessary works are being carried out such as water pump. I can see little change such as lighting. Most leaseholders are not satisfied it is not value for money. Costly for leaseholders due to consultancy services and unnecessary works being done.	This consultation relates to entering into agreements for consultants to oversee the project management for our proposed decent homes programme. At present this programme do not include your building. The works currently carried out to your building are part of the Ocean Refurbishment works which were covered under a separate consultation.
109	No objections, however the purpose of the consultants service is unclear.	The consultant will project manage the contractors ensuring quality and value for money.
110	I would like better quality double glazing to reduce noise from A13 and reduce energy bills. Why have younger buildings had windows replaced and why do you not ask Leaseholders what they think.	Your building is not currently part of the proposed programme of works, this is mentioned in your consultation notice. Should your property be brought forward in to the programme a survey will be carried out, this survey would also include consideration to the condition of the windows. Leaseholders are consulted as part of the statutory S20 consultation. For decent homes we are planning on arranging meetings and



**Consultants – Major Works Project Management Procurement – Summary of Observations**

		<p>surgeries in addition to door knocking exercise to discuss the plans with affected Leaseholders.</p> <p>1) We take on board the numbering comment and will look to make changes for future consultations.2) The response you received on 14 March 2012 may not be noted with in the contractors brief, however we are currently looking at our process of consulting, meeting and engaging with Leaseholders and tenants throughout the decent homes works. You will hear further from us when your property falls due for works.</p>
111	<p>1) 6 pages and 40 observations yet no numbering., 20 my comments of 2/2/12 had a positive response in the observation reply 14/3/12 however nothing proposed has been included in the consultants brief.</p>	
113	<p>Estate people are refusing to pay the major works money because little work done and are charged a big amount for it.</p>	<p>Your observations relate to works carried out by London Borough Tower Hamlets under a separate consultation and contract, as a result your concerns will be passed on to the council.</p>
115	<p>Already paying for major Works and I am not happy with the works carried out</p>	<p>Your comments relate to works carried out on a contract managed by London Borough Tower Hamlets and have been forwarded on. Your property does not form part of the current programme, should this alter you will be contacted and consulted further.</p>
117	<p>Concerned promises will not be fulfilled and costs will drive Leaseholders out of Tower Hamlets.</p>	<p>Consultants will be required for cost management and direct contract administrator. The contract is too big to be managed by Tower Hamlets Homes (THH) staff, however in-house staff will be used for operational issues on behalf of the THH client. Whilst we are aware of the cost implications we do hope the works improve the standard of accommodation and this may have a positive effect in terms of property values when the works are completed which may be in the</p>

**Consultants – Major Works Project Management Procurement – Summary of Observations**

		interests of Leaseholders in the long term.
123,124	No extra money should be spent on consultancy.	Consultants will be required for cost management and direct contract administrator. The contract is too big to be managed by THH staff, however in-house staff will be used for operational issues on behalf of the THH client.

**Introduction**

Three separate meetings were held between the parties named in the chart below to consider the observations returned in response to the section 20 consultation that commenced for the tendering for Consultants to Carry out Major Works Project Management . The meetings were scheduled as follows:

<b>Observation Numbers</b>	<b>Date of Meeting</b>	<b>Time of meeting</b>	<b>Attendees</b>

Consultants – Major Works Project Management Procurement – Summary of Observations

1-44	4 <sup>th</sup> January 2013	1230 – 1330hrs	Jo Freestone Gary Smith Stewart King	Leasehold Services Leasehold Services Property Services
45-54, 56-69	18 January 2013	1000 – 1130hrs	Jo Freestone Gary Smith Sultana Parvin John Stephenson	Leasehold Services Leasehold Services Leasehold Services Property Services
55,70-113 excluding 112	30 January 2013	1530 – 1630hrs	Jo Freestone Gary Smith Stewart King	Leasehold Services Leasehold Services Property Services
114-124	18 February 2013	1500-1545hrs	Jo Freestone Ben Whiteside	Leasehold Services Leasehold Services

**Methodology**

Each party to the meeting was provided with a copy of the observation and the observation were then read out with the points raised discussed. Notes were made on the nature of the observation and on the intended way the observations would be addressed. The observations have each been given a number which relates to the individual's observation return form and is listed in a table retained in confidence in our offices. The observation numbers are loosely allocated in order based on the arrival of the observation to our offices and do not relate to any individual address in any structured way to preserve anonymity.

## **Consultants – Major Works Project Management Procurement – Summary of Observations**

The numbers do not run strictly from 1 to 110 and there are some numbers which do not appear, this is because the observations that were returned may have related to observation on the Major Works Contractors procurement. The Major Works contractors observations were considered at the same time as those for the Consultants to carry out Major Works Project Management Consultancy, but are summarised separately. Some observations show reference to a more than 1 reference, this is because these were observations that were in common with other observations and for the purpose of a concise report they have been shown as one.

### **Overall Summary**

Our intended action for any observation which were/are relevant to the proposed project management work would be to consider them as the appointment process developed and where considered appropriate incorporate relevant measures or changes into our requirements and documents. We do not consider that we received any relevant observations which brought out matters that we had not already considered and incorporated into the process or have plans to do so.

A number of responses made reference to issues which are not relevant to the procurement subject to this consultation process, the issues raised however will be followed up separately.

The most common theme of observations received related to the intended payment for the works and whether there was a duplication of works and costs in respect of project management .

Concerns about the potential costs and concerns in respect of how Leaseholders would be able to afford the cost of the forthcoming major works including Project management costs. Cost is a serious concern for Tower Hamlets Homes Leaseholders and we believe that the process that is being adopted should help ensure that there is good value for money. Our payment options have been reviewed and will be implemented as soon as possible. Leaseholders will receive an Estimated Invoice following the start of the works commencing on site for their block. A Final Account Invoice will be issued following the end of the defect liability period as set out in the contract. All Leaseholders will be provided with payment option details when they are served S20 notices for the works in relation to their building and with invoices for the Major Works costs as they are incurred. As an offer to Leaseholders the Major Works Consultation Team are intending to door knock, hold surgeries and meetings and in each instance have details available of the options and discuss with residents, with particular onus on signposting to potential assistance

In respect of the concern about the duplication of project management costs for major works given that Tower Hamlets Homes has an in house technical team, a number of Leaseholders queried this duplication. The size and volume of the programme is too great

### Consultants – Major Works Project Management Procurement – Summary of Observations

to be handled by our in house team. The use of consultants provides for additional expertise being made available and supplements our in house team. The new service will not result in additional charges as the new arrangement will replace the existing arrangements.

A number of observations asked for additional information specific to their individual buildings. We believe we provided as much information as we could at the time we issued the notice.

#### Viewing Documents

We received 3 requests to view the documents and these are noted as:

Date of Viewing	Time and Location	Comments Made	Requests Made	THH
28 January 2013	1200 -1300hrs Jack Dash House	Documents lengthy	Copies of Contractor Submissions	This was provided.
29 January 2013	1200 -1300hrs Jack Dash House			Leaseholder did not attend.
31 January 2013	0800 -0930hrs Jack Dash House	Written comments were received after 28 <sup>th</sup> January.		We will respond outside of the consultation.

#### Telephone Queries

A Number of telephone queries were also taken, these were not considered as part of the due regard process but were answered at the time by the Consultation Officer taking the call. A common theme was what works were planned and if their building was in the programme. A log of these calls is also held by Tower Hamlets Homes.

**Written Observations were received from leaseholders from the following blocks:**

**Consultants – Major Works Project Management Procurement – Summary of Observations**

Barnsley Street	O'Brien House	Gosling House
Ansell House	Melwood House	Sims House
Whitton Walk	Kiln Court	Storey House
Johnson House	Sidney Street	William Fenn House
Dora House	Fraserburgh House	Jackman House
Hawke House	Helyn Square	Biscay House
Southwater Close	Rhodeswell Road	Robin Hood Gardens
Hewison Street	Stepney Way	Brierly Gardens
Drewett House	Louise De Marillac House	Genoa House
Vernon House	Colebert House	Gales Gardens
Henley House	Everley House	Hughes Mansions
Wainwright House	Rosebank Gardens	Driftway House
Puteaux House	Campbell Road	Key Close
Sleigh House	Joseph Irwin House	Shadwell Gardens
Gullane House	Hackney Road	Poplar High Street
Abingdon House	Troon House	Frederick Charrington House
Adriatic House	Bicknell House	Cromarty House
Burley House	Chudleigh Street	Goldman Close

## Consultants – Major Works Project Management Procurement – Summary of Observations

### Parties to the meeting:

We the parties to the meeting confirm that the details in this document are a true reflection of the due regard meetings as detailed in this document

Jo Freestone  
Leasehold Services Team Leader  
Leasehold Services

Stewart King  
Quantity Surveyor  
Property Services

John Stephenson  
Major Works Surveying Manager  
Property Services

Gary Smith  
Consultation Officer  
Leasehold Services

Sultana Parvin  
Consultation officer  
Leasehold Services

Ben Whiteside  
Leasehold Team Manager  
Leasehold team Manager

2





<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 9 January 2013	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 59/123
<b>Report of:</b>  Corporate Director <b>Aman Dalvi</b>  Originating officer(s) <b>Jackie Odunoye</b> <b>Service Head Housing Strategy Regeneration and Sustainability</b>  Authors: John Kiwanuka Housing Partnerships Manager James Mack – DH Procurement Project Manager (THH)		<b>Title:</b>  Procurement of Consultants and Contractors for the 2014/15, 2015/16 & 2016/17 Decent Homes Programme in  <b>Wards Affected: All</b>	

<b>Lead Member</b>	Cllr: Rabina Khan
<b>Community Plan Theme</b>	One Tower Hamlets & A Great Place to Live
<b>Strategic Priority</b>	Ensuring Value for Money Across the Council

1. SUMMARY

- 1.1 Following the successful bid for £94.5m from the GLA's Decent Homes (DH) backlog fund in 2010, the Council embarked on the procurement and delivery of the DH programme. The £94.5m secured still left a shortfall of £39.4m because the Council's DH backlog bid was £133.9m. In September 2011 Cabinet agreed to fund the £39.4m deficit, and the £15.6m for DH works for non-tenanted homes. At the time, only GLA funding allocated for 2011/12 & 13 was guaranteed. The GLA have now confirmed allocated funding of £25m and £46m for 2013/14 and 2014/15 respectively.
- 1.2 The 2010/11 and 2011/12 DH programme encompassing only internal works. This strategy entailed avoiding early lengthy consultations with leaseholders and allowed quick mobilisation and delivery. Additionally, the approach was vital in ensuring the GLA's annual output and expenditure targets, conditional to securing the further two years backlog funding, were met.
- 1.3 Consequently, Cabinet in June 2011 agreed to a mini tendering exercise utilising an existing framework as a means to deliver the DH works for 2011/12 & 13. Cabinet also agreed, for the longer term planning, to secure an

OJEU procured and leasehold compliant framework to deliver the capital investment need in the future.

- 1.4 At the beginning of 2012/13, the Council in partnership with THH commenced procuring an OJEU and leasehold compliant framework. This process involved notifying leaseholders and inviting expression of interest from contractors and consultants. To accord opportunities to small and medium enterprises, particularly those local to the Borough, Consultant and Contractor work Lots were grouped in two Lots. Lot 1 for smaller consultants and contractors, and Lot 2 for the bigger Consultants and Contractors. A total of 90 Pre-Qualification Questionnaires (PQQ) from contractors and consultants were received and evaluated. Following a comprehensive evaluation exercise, 13 major Contractors and 13 consultants, and 7 small contractors and 7 consultants were invited to tender.
- 1.5 Tenders were invited from both contractor and consultants for managing and delivering the 2013/14-16 programme on a 60% price, and 40% quality criteria. The quality criterion used a model template developed by LBTH Corporate Procurement, Legal Services and THH and included provision for apprenticeships and stimulating the local economy. The evaluation of the PQQ and the tender documents were collaboratively conducted by officers from THH and LBTH and the procurement process included a Bidders Challenge, where the contractors presented themselves to a resident's panel of leaseholders and tenants.
- 1.6 The returned tenders for the DH works are within the anticipated budgets reported to members, and the resources in the HRA Business Plan earmarked for the DH and other capital works programme during the period.
- 1.7 Following conclusion of the tender evaluation process six consultant firms namely Mace Group, John Rowan & Partners LLP, Peillings LLP, Frankham Consultancy Group LTD, Bailey Garner LLP, and Potter Raper Partnerships were recommended for inclusion on the framework, with the first three in the list being recommended for the DH works in 2013/14. Three contractors namely Apollo Property Services Group Ltd, Axis Europe PLC and Breyer Group PLC have been recommended for Lot 2, similarly Chigwell (Shepherds Bush) LTD and RR Richardson LTD for the Lot1. This report informs Cabinet of the tender evaluation process and the results for the Consultants and Contractors for the 2013-16 DH programme.
- 1.8 These recommendations are subject to consultation with leaseholders and the statutory Section 20 notices have been sent out. The appointment of the successful contractors will not take place until the views expressed in the consultation exercise have been given due consideration.

## 2. DECISIONS REQUIRED

The Mayor in Cabinet is recommended:

- 2.1 To authorise the Mayor to award the DH works contracts to the contractors and consultants listed in 2.1.1 – 2.1.3 once the results of the leaseholder consultation have been considered,
- 2.1.1 **Lot 1 Contractors** (Internal Works only)
- Chigwell (Shepherds Bush) Ltd
  - RR Richardson LTD
- 2.1.2 **Lot 2 Contractors** (Internal and External Works)
- Apollo Property Services Group LTD
  - Axis Europe PLC and
  - Breyer Group PLC
- 2.1.3 **Lot 2 Consultants** (Internal and External Works) Framework of 6 consultants with the first 3 administering the 2013/14 DH works programme annual mini competition thereafter:
- Mace Group
  - John Rowan and Partners LLP
  - Pellings LLP
  - Frankham Consultancy Group Limited
  - Bailey Garner LLP
  - Potter Raper Partnerships
- 2.2 To authorise the Assistant Chief Executive (Legal), to enter into all necessary documents to implement the decisions made in respect of this report.
- 2.3 To adopt an initial capital estimate of £71 million in respect of the 2013/14 and 2014/15 DH Programme, profiled as 2013/14: £25million and 2014/15: £46 million, in order to enter into the contracts. The details of the programme of works will be subject to a separate report.

## 3. REASONS FOR THE DECISIONS

- 3.1 Cabinet in June 2011 agreed, for the longer term planning, to secure an OJEU procured and leasehold compliant framework to deliver the capital investment need in the future.
- 3.2 In July 2012 the Council entered into contract with the GLA for the DH Backlog funding. Under the Agreement the Council is contracted to deliver pre-agreed annual targets of DH in order to access the DH Backlog funding. The DH Contractor and Consultant procurement is critical to delivering the DH targets and securing the GLA funding. Therefore, it is vital that contractors are appointed to allow adequate time for procured resources to be in and mobilise for a start on site at the beginning of the next Financial Year.

- 3.3 Additionally, the Council aims to ensure that its localism agenda is enshrined in its contracting processes by according apprenticeships and utilising local contractors and labour with view to stimulate the local economy. The OJEU procured Contractors have offered to contractually agree to deliver a raft of local benefits including apprenticeships, local labour and use local contractors, which will help stimulate the local economy, and allow local people to acquire relevant skills to enter employment.

#### **4. ALTERNATIVE OPTIONS**

- 4.1 Cabinet in June and September 2011 considered and agreed the method of procuring capital investment for the delivery of the DH Programme in 2013-16. It was agreed by Cabinet that for the longer term planning, to secure an OJEU procured and leasehold compliant framework to deliver the capital investment need in the future. The procurement method and process adopted including the results of the procurement exercise detailed within this report are an implementation of the fore mentioned Cabinet decisions.

#### **5. BACKGROUND**

- 5.1 Subsequent to the successful bid for £94.5m of the GLA's Decent Homes (DH) backlog funding in 2011, the Council embarked on the procurement and delivery of the DH programme. The £94.5m still left a shortfall of £39.4m because the Council's DH backlog bid was £133.9m. In September 2011 Cabinet agreed to fund the £39.4m deficit, and the £15.6m for DH works for non-tenanted homes. At the time, only GLA funding allocated for 2011/12 & 13 was guaranteed. The GLA have now confirmed the allocated funding £25m and £46m for 2013/14 and 2014/15 respectively.
- 5.2 Officers embarked on the securing of OJEU procured and leasehold compliant contracts at the beginning of 2012/13- the method and process adopted including the results of the procurement exercise are detailed within this report and are an implementation of the Cabinet decisions in June 2011. The OJEU procured Contractors have agreed to be contractually bound to deliver a raft of local benefits including apprenticeships, local labour and local contractors, which will inevitably help stimulate the local economy, and allow local people to acquire relevant skills to put a foot into the labour market.

#### **6. BODY OF REPORT**

- 6.1 In June 2011 Cabinet agreed, to secure an OJEU procured and leasehold compliant framework to deliver the capital investment need in the future.
- 6.2 Tenders have been sought from contractors and consultants to deliver, manage and administer the years 3 4 and 5 decent homes works programme. The Procurement was completed in accordance with statutory regulations and included a rigorous tender evaluation process.

- 6.3 This report informs Cabinet of the tender evaluation process and results for contractors and consultants and seeks authorisation for the Mayor to award contracts, subject to satisfactory leaseholder consultation. The report also includes details of community related benefits offered by the proposed contractors attached as Appendix A.
- 6.4 In support of the "Stimulating the Local Economy" objective community benefit targets were set within tender documentation and the tender packages were split into Lots in order to offer the opportunity for smaller local suppliers to deliver aspects of the works programme i.e. internal works, kitchens and bathrooms. Noted below are details of the respective Lots:
- a. Contractors Lot 1 – Two small contractors delivering internal works only e.g. kitchen and bathrooms and awarded works up to £2m each per annum for years 3 4 and 5.
  - b. Contractors Lot 2 – Three contractors delivering external and internal works and awarded a works value of between £10m and £20m each per annum, for years 3 4 and 5.
  - c. Consultants Lot 1 – A framework of 4 small consultants managing, supervising and inspecting works completed by Lot 1 contractors with the best 2 combined price / quality scores appointed to manage the year 3 programme with annual mini competition taking place thereafter.
  - d. Consultants Lot 2 – A framework of 6 consultants managing, supervising and inspecting works completed by Lot 2 contractors, with the 3 best combined price / quality scores appointed to manage the year 3 programme with annual mini competition taking place thereafter.
- 6.5 **Tenders were invited on a price / quality basis 60% price and 40% quality:** The evaluation criteria were developed by LBTH Corporate Procurement, Legal Services and THH and included provision for stimulating the local economy. Evaluation was carried out by LBTH and THH staff and included a Bidders Challenge, where the contractors presented themselves to a residents' panel including leaseholders. Residents involved in the bidders challenge were briefed in relation to the process and given an opportunity to contribute and develop the scoring criteria but did not formally evaluate the bids.
- 6.6 **Tender Evaluation:** There was a robust tender evaluation process that involved officers from both LBTH and THH and a number of clarification requests were made by officers and received from the tenderers. Those evaluations were submitted to a validation panel consisting of senior officers from both LBTH and THH. The remit of the panel was to review the summary of evaluation results and process / rationale adopted and to ensure there were no ambiguities. They then validated the scoring in the selection of the final Contractor/s and Consultant/s proposed for appointment.
- 6.6.1 Furthermore as part of the evaluation process the Council's Competition Board have considered the proposals, emphasis was placed on areas of

works to be recharged to leaseholders to ensure that the procurement complies with the statutory consultation process and the costs of the works to leasehold properties can be recovered .

6.7.1 **Evaluation Contractors Lot 1 and 2: As noted above in 6.5 tenders were invited on a price / quality basis.**

6.7.1.1 The quality criteria consisted of:

- § Delivery team and management structure and processes - 8%
- § Programme and Sequencing - 6%
- § Added Value - 2%
- § Sustainability - 5%
- § Customer Service and Quality Control - 6%
- § Stimulating the Local Economy - 5%
- § Bidders Challenge - 8% (Including ability to deal with diversity)

6.7.2 **The Pricing Model** - Officers agreed a virtual price evaluation model that is also based upon survey information obtained from a selection of arch-type properties on which decent homes works will be completed during the contract period. The price evaluation model consisted of three elements to ensure selection of suppliers is based on a holistic approach and prevents unexpected costs as the scheme is delivered. The three elements were:

- § Evaluation of a virtual Lot to enable us to consider individual rates for the key spend area (as identified from recent surveys and definition of archi-types) with estimated quantities per annum of spend
- § Review of Prelims to ensure the management element has been structured to deliver the quality and programme targets along with the CSR that this contract is perfectly placed to support
- § Consider a selection of rates and delivery variances to ensure we have a flexible contract that can deliver value for money across different levels of spend and that allows us to add in un-scoped works or transference of works between areas.

6.8 **Evaluation Consultants Lot 1 and 2**

6.8.1 As noted above in 6.5 tenders were invited on a price / quality basis. The quality criteria consisted of:

- § Project Team and Management structure - 12%
- § Customer Service / Quality Control, Programme and Project Management Processes - 9%
- § Added Value – 3%
- § Sustainability – 2%
- § Stimulating the Local Economy – 5%
- § Diversity – 3%

§ Consultants Challenge / Interview – 6%

6.8.2 The pricing model required consultants to submit percentage fee values for providing multi-disciplinary services across pre-determined value bands along with percentage fees for specific professional disciplines and daily rates for varying levels of technical officers.

6.9 **Proposals for award of contracts to Contractors Lot 2**

6.9.1 Thirteen contractors were invited to tender and 13 tenders were received. A rigorous tender evaluation process was conducted on the Price / Quality and quality elements of the bids. The proposal subject to the satisfactory outcome of Leaseholder consultation is to appoint the 3 contractors with the highest combined price / quality scores. These are:

- § Apollo Property Services Group Ltd,
- § Axis Europe PLC
- § Breyer Group PLC

6.9.2 As part of the tendering process contractors were required to offer community benefits arising from the works. Details of benefits offered by the 3 proposed Lot 1 and 2 contractors are attached as Appendix A; the headlines from their offers include the following and are based upon a works value of £117m:

- § **240** Apprentices effectively 2 per £1m of work (including subcontractors)
- § **279** Adult work experience for local residents to assist progression into employment schemes who have been unemployed for **less than 6 months**.
- § **282** Adult work experience for local residents to assist progression into employment schemes who have been unemployed for **more than 6 months**.
- § **27** Development opportunities for small suppliers by meet the buyer events
- § **Commitment for 20%** contracts to be commissioned to businesses registered in LBTH
- § **Commitment for 50%** contracts to be commissioned to businesses in East London
- § **24 events** to assist small local businesses in bidding
- § **72** -Work placements local schools and colleges
- § **60 events** - DIY training sessions local residents
- § **33** -Offers to work with community organisations including charity donations.

6.10 **Proposals for award of contracts to Contractors Lot 1:** Seven contractors were invited to tender and seven tenders were received. As part of the tendering process contractors were required to offer community benefits arising from the works. Contractors offered similar benefits to the Lot 2 contractors and details are included in the summary attached as Appendix A. Following a rigorous tender evaluation process based on the

bid submissions on both Price and Quality evaluation the proposal is to appoint the 2 contractors with the highest combined price / quality scores. Namely:

- § Chigwell(Shepherds Bush) LTD
- § RR Richardson LTD

6.11 **Proposals for award of contracts to Consultants Lot 2:**

6.11.1 Thirteen consultants were invited to tender and 11 tenders were received. A rigorous tender evaluation was carried out based on the bid submissions on Price and Quality evaluation. It should be noted that prices for providing a multi-disciplinary service submitted by the 3 consultants with the best combination of price and quality were extremely low. Officers were concerned with regards the level and quality of resource that the consultants may provide and following discussion with Legal services requested all bidders to provide clarification of the level and volume of professional resources that they intend to commit to the project. All bidders were presented with a project scenario against which they had to detail their intended resources. Following the assessment of the returns and again after discussions with Legal Services the two lowest bidders were disqualified.

6.11.2 The proposal is to appoint the 6 consultants with the best combined price/ quality scores to the framework and the 3 consultants with the best scores to manage and administer the 2013/14 DH programme as below:

- § Mace Group (proposed for 2013/14)
- § John Rowan & Partner LLP (proposed for 2013/14)
- § Pellings LLP (proposed for 2013/14)
- § Frankham Consultancy Group LTD (proposed to framework)
- § Bailey Garner LLP(proposed to framework)
- § Potter Raper Partnerships (proposed to framework)

6.11.3 As part of the tendering process consultants were required to offer community benefits arising from the commission. The headlines from their offers include:

- § Offer of technical apprentice
- § Offer of progression into employment – 14 week work placement
- § Commitment to target and identify new opportunities with local suppliers
- § Offer of work placements local schools
- § Fund job fare
- § Outreach placement



## 6.12 Proposals for Consultants Lot 1

- 6.12.1 Of seven companies short listed to tender, and who had confirmed a willingness to submit bids, only three bids were returned. The intention was to select four companies to be placed on the framework with the best two of these selected for the first phase of work. The number of returns has not provided a sufficiently robust commercial basis to produce the anticipated outcome.
- 6.12.2 In order to deal with the shortfall in provision officers are proposing to broaden the supplier basis by offering service provision opportunities to smaller local practices that would not have been able to satisfy tender thresholds or the provision of a multi-disciplinary service but may be able to supply staff at competitive rates.
- 6.12.3 The above approach will have sought to achieve sufficient depth for the lot 1 services at market prices. This approach also seeks potentially to reward companies who did tender and widen the scope for service provision to smaller local practices. If achieved, this provides a real opportunity for local business growth in professional services.

## 7. INCLUSION IN THE CAPITAL PROGRAMME

- 7.1 Cabinet approved Capital Estimates for the Decent Homes Programme totalling £42.04 million on 8 June 2011. This represented the first two years of the programme and although slippage is projected at the end of this financial year, the full grant conditions will have been met and the DCLG grant entitlement totalling £23.5 million maximised for these years. In order for the contracts outlined in this report to be let, additional capital estimates will be required.
- 7.2 As outlined in paragraph 1.1, Cabinet, in September 2011, approved a funding mechanism to earmark £149.49 million of resources for the funding of the Decent Homes Programme over the four years from 2011-12 to 2014-15. This was predicated on the confirmation of the full Decent Homes Backlog Funding of £94.5 million being available by the DCLG – at that time only the funding for the first two years was guaranteed, totalling £23.5 million. The remainder of the grant of £71 million for 2013-14 and 2014-15 has now been confirmed.
- 7.3 In order that the contracts outlined in this report can be entered into, further capital estimates are required. It is intended that a further report will be submitted to Cabinet which will detail the full programme of works, the capital estimates to be adopted and the financing sources. In advance of this report being considered, it is recommended that a Capital Estimate of £71 million is initially established, being the DCLG grant funded element of the programme which has recently been confirmed. This will mean that Capital Estimates totalling £113 million will be in place, with the residual Capital Estimate approvals being sought in the future report.

8. **COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 8.1 This report outlines the process that has been followed to procure the main contractors and consultants to deliver the Decent Homes Programme for the financial years from 2013-14 to 2015-16. The procurement process has been led by officers from both the Council and Tower Hamlets Homes to ensure compliance with all European Community legislation as well as to ensure that all consultation requirements have been met under Section 20 of the Landlord and Tenant Act 1985.
- 8.2 The report and appendices detail the evaluation criteria for the different aspects of the tendering process. In addition to the pricing and quality analysis shown, contractors were required to offer community benefits – these are detailed in paragraphs 6.9.1 and 6.11.3 – see appendix A.
- 8.3 It also seeks approval for the adoption of a Capital Estimate of £71 million to enable the programme to progress. As outlined in paragraph 4.3, in accordance with Financial Regulations, a capital estimate is required at this stage to ensure that the proposed expenditure has been approved prior to any commitments being entered into. The report seeks approval for a Capital Estimate to be adopted, to the value of the years 3 and 4 DCLG Decent Homes Grant of £71 million. The Council has recently received notification from the DCLG that this grant is now guaranteed for the final two years of the programme, subject to the various performance requirements being met. A further report will be submitted to a future Cabinet meeting which will seek the balance of the Capital Estimates that will be required to complete the full Decent Homes programme, together with details of the full funding streams as approved by Cabinet in September 2011.

9. **CONCURRENT REPORT OF THE ASST. CHIEF EXECUTIVE OFFICER (LEGAL SERVICES)**

- 9.1 These contracts have been procured using the restricted procedure laid down in the Public Procurement Regulations 2006 (as amended). A notice was placed in the Official Journal of the European Journal advertising the contract opportunity. The report sets out how the bids were evaluated and the recommendations arrived at.
- 9.2 Under section 20 of the Landlord & Tenant Act 1985 (as amended by section 151 of the Common-hold & Leasehold Reform Act) and the Service Charge (Consultation Requirements) (England) Regulations 2003 the Council as Landlord is required to consult with leaseholders when it is proposing to enter into a long term agreement under which the leaseholders can be expected to pay contributions through their service charges to the costs of any works or services. The leaseholders are entitled to information on the proposed contracts and to make observations on those proposals. The Council is then required to pay due regard to those observations before making any decision on the award of the proposed contracts. This is allowed

for in this report and is why the decision to appoint is to be delegated so there is sufficient time to consider the output of the consultation.

- 9.3 Whilst in making the decision on the award of the contracts, value for money remains the over-riding factor that should determine all public sector procurement decisions, it is also possible to take into account social economic and environmental considerations. There is a growing understanding of how value for money is calculated, and how "the whole-life cycle requirements" can include social economic and environmental requirements.
- 9.4 Local authorities, under their duty to achieve best value are required consider social, economic and environmental value in the Best Value Statutory Guidance published in September 2011
- 9.5 In addition the EU procurement framework makes it clear that social requirements can be fully embraced in procurement practice providing certain criteria are met. These criteria are:
- § Social requirements should reflect policy adopted by the public body
  - § Social requirements should be capable of being measured in terms of performance
  - § Social requirements drafted in the specification become part of the contract
  - § Social requirements should be defined in ways that do not discriminate against any bidders across the European Union
- 9.6 This report details how those requirements have been embedded into the procurement and details the additional benefits available from the Decent Homes Procurement whilst still achieving the work on a cost effective basis within the allocated budget.

## 9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 It is the intention over the course of the Decent Homes works programme to ensure that council owned dwellings meet the decent homes standard including the provision of new kitchens and bathrooms. Residents will be consulted on their preferences and resident liaison officers will be on site to address resident concerns which will include specific equality issues.

## 10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 A significant proportion of the Decent Homes programme consists of renewing outdated less efficient boilers with modern equivalents. In addition all schemes especially those involving roofs, windows, heating and insulation are developed to maximise energy efficiency.

- 10.2 Sustainability was covered by an element of the quality evaluation criteria. The proposed contractors demonstrated numerous working practices that addressed the sustainability objective and presented extremely high waste recycling figures, all of which can be monitored during the delivery of the contract. A localised workforce has been envisaged to deliver the DH programme with staff encouraged to use public transport and therefore emissions. Contractor's vehicles are energy efficient. Officers will ensure that contractors demonstrate a robust sustainable performance regime which will include developing local KPI's on sustainability issues that will contribute to the Council's overall corporate National Indicator returns.

## **11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 Risk 1 - Leaseholder Stage 2 Challenge in particular use of 3 contractors and consultants delivering similar works with varying recharge values. Mitigation Risk 1 – Officer from the Council and THH working collaboratively, to ensure process and procedures are fully adhered to. LBTH legal to approve all lease hold issues to ensure all notices are compliant.
- 11.2 Risk 2 - Contractor/Consultant challenge following tender procurement process year 3 4 and 5. Mitigation Risk 2 – Officers from THH and LBTH worked together throughout the PQQ and ITT evaluation process to ensure strict adherence to the procurement rules and consistency of process including structure and matrix for evaluation and guidance to evaluation team members. A validation panel was also formed to review the outcome of the evaluation process and results.
- 11.3 Risk 3 - Total Budget reflecting reality of works on site particularly relative to external works. Mitigation Risk 3 - On-going review of project costs during delivery to ensure base line budgets used within business case developed by officers is not exceeded
- 11.4 Risk 4 – Challenge from two disqualified consultants. Mitigation – During the evaluation of consultants a project scenario was presented to all bidders to inform on the resources to be allocated to the project. Officer form both THH and LBTH in consultation with Legal services concur with the assessment and the process adopted leading to the disqualification.

## **12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 There are no specific Crime and Disorder reduction implications, however improving the condition of homes and buildings as a whole by working closely with ASB teams and local residents to develop schemes for e.g. door entry systems and environmental improvements like additional lighting will inevitable contribute to a reduction in crime and disorder.