

CABINET MEMBER DECISION 24 JANUARY 2022

Report title: Replacement of Kitchen and Bathrooms, Fenwick Estate / Leigham Court Road Estate

Wards: Larkhall / Streatham Wells

Portfolio: Cabinet Member for Housing and Homelessness: Councillor Maria Kay

Report Authorised by: Bayo Dosunmu: Strategic Director for Resident Services

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REPORT SUMMARY

This report recommends the council to proceed with a direct award of contract to Ser Contactor Limited from the London Housing Corporation (LHC) Whole House Refurbishment, Workstream 1, Lot 2 (Kitchens and Bathrooms) framework. The works will involve the replacement of various kitchen and bathrooms to 155 tenanted homes on the Fenwick Estate and the Leigham Court Road, up to a value of £1.8m. Such works will also include, where necessary, updated consumer units, smoke alarms, kitchen flooring and fire doors.

FINANCE SUMMARY

The estimated value of the work will be up to a maximum value of £1.8m with expenditure being incurred over the financial year 2021/22. The works on the Fenwick Estate will be funded from the Liveability Plan capital programme budget for 2021/22 and the work on the Leigham Court Road Estate will be funded from the Lambeth Housing Standard capital programme budget for 2021/22.

Additional contingency funding will be made available to cover any additional / unforeseen works during the delivery of this project up to the sum of £200,000, therefore, the proposed maximum spend will be capped at £2m.

Recommendation

To award to Ser Contractor Ltd the contract for works consisting of the replacement of kitchen and bathrooms together with associated works to a maximum of £1.8m to 155 tenanted homes and to allocate additional funding as contingency up to the sum of £200,000. Any identified additional works not covered by the framework specification will be covered through the contingency. It is anticipated the works will commence during February 2022 for a contract period of six months.

REASONS FOR EXEMPTION FROM DISCLOSURE

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

Paragraph Three, Information relating to the financial or business affairs of a particular person (including the authority holding that information).

1 CONTEXT

- 1.1 As a responsible landlord the Council has an obligation to ensure that its properties are maintained to a high standard for residents' health and well-being and as such, the report seeks approval for kitchen and bathrooms work to be undertaken.
- 1.2 The kitchens and bathrooms of the 1960's-built Fenwick Estate which have not been replaced for at least ten years and will be updated from this procurement exercise. These works will also include tenanted homes on the Leigham Court Road Estate, for up to 155 tenanted homes altogether.
- 1.3 For Fenwick, plans have been approved to redevelop the estate; however, this will not be for some time and our residents cannot continue to use kitchens and bathrooms which are not fit for purpose.
- 1.4 Similarly, consumer units, smoke alarms and fire doors must be brought up to date in line with building regulations to ensure the safety of our residents.
- 1.5 There have been numerous complaints received from the tenants at the Fenwick Estate, the Residents Association and local Councillors about the conditions of the facilities, which makes for uncomfortable living environment.
- 1.6 Lambeth's capital programme is widely publicised on the Council's website, and it is essential for the Authority to continue delivering on its commitments to its residents to carry out urgent replacement or refurbishment works to their homes.
- 1.7 The requirement for these refurbishment works fits with the Council's vision of 'Future Lambeth: Our Borough Plan' being a key target is to achieve better quality housing and invest in our communities, in order to achieve strong and sustainable neighbourhoods. This appointment will support the Council in successfully delivering its 2021/22 programmes.
- 1.8 In engaging a contractor by way of the most expeditious procurement route, the works can be completed in the current financial year.

2 PROPOSAL AND REASONS

- 2.1 Following an analysis of the multiple procurement routes available, including an Open tender procedure, a direct award of contract from the LHC framework was the preferred option as it is a Public Contracts Regulations (PCR) 2015 compliant agreement allowing for an expeditious route to engage a contractor and offers the Council a 1% financial rebate on the contract value for social value initiatives. The framework allows for either a further competition exercise or a direct award to the top ranked contractor.
- 2.2 Ser Contractor Ltd, a local contractor, with offices on the South Lambeth Estate are the top-ranked contractor on the LHC's Whole House Refurbishment - Workstream 1 - Lot 2 (Kitchens and Bathrooms) framework, which was tendered following a restricted process and awarded under Contract Award Notice 2020/S 046-109637.
- 2.3 The technical method statements were based on the follow award criteria:

- Project Resources 10%
- Safe Working 10%
- Customer Care 10%
- CDM Compliance 10%
- Defects Resolution 7%
- Contract Management 7%
- Social Value 6%

2.4 There are six (6) contractors appointed to the framework, which was evaluated on 60% Quality and 40% Price. Ser Contractor Ltd was highest placed contractor with an overall score of 89.33% on this Lot, which allows for projects in the value band £250,0000 - £2m. The framework evaluation is contained in Part II of this paper.

2.5 The table below sets out overall the ranking for the six contractors on the framework following Quality and Price assessment. All the contractors are named on the framework’s website.

Value Band	Area	Rank	Company
£250k to £2m	Inner London - East	1	Ser Contractor Ltd
£250k to £2m	Inner London - East	2	Contractor B
£250k to £2m	Inner London - East	3	Contractor C
£250k to £2m	Inner London - East	4	Contractor D
£250k to £2m	Inner London - East	5	Contractor E
£250k to £2m	Inner London - East	6	Contractor F

2.6 Ser Contractor Ltd are well known to the council having previously been a sub-contractor to larger main works contractors that have undertaken works in Lambeth, and they have extensive experience in the works which we are asking them to deliver.

2.7 The purpose of the procurement exercise was to:

- Appoint a contractor to deliver the project in accordance with an agreed specification of works.
- Ensure effective Delivery of Housing Improvement works across the council’s assets.
- Obtain value for money through a direct award process and maximise savings.
- To achieve some of the Council’s commitments set out in its 5-year Borough Plan
- To Improve homes for its residents, partners, and communities
- To allow for robust financial reporting and auditing
- To input flexibility in the contract to meet changing organisational, political, and budgetary objectives – including the ability to efficiently terminate incumbent arrangements

- 2.8 Table 1, below, sets out the agreed basket rate, that is the cost per flat, for each archetype to be used by the contractor, based on storage capacity of a typical, 1/2/3/4 bed flats, which represents a 5% reduction on the maximum tendered sum.

Table 1

Kitchen type (Basket rate)	Size	Number of bedrooms	Storage capacity m2	£
	Small	1	1.5	5,296.27
	Medium	2	2.0	6,760.14
	Medium	3	2.5	8,235.79
	Large	4	3.0	9,774.91
Bathroom (Basket Rate)	All	All	All	4,418.16

- 2.9 Any additional works not covered by the framework specification will be priced in accordance with the National Housing Federation (M3NHF) schedule of rates version.
- 2.10 The number of properties earmarked for the kitchen and bathroom upgrades at Fenwick Estate is 95 and for the Leigham Court Road Estate, this will be 60 kitchens and bathrooms. Their related rates are set out in table 3.1. To date, not all the properties have been inspected, but it is our intention to undertake joint inspection with the contractor to agree works / scope of kitchens and bathrooms requiring replacement. Assuming all the works identified in table 3.1 are undertaken, the estimated cost of the works will be £1.8m. However, if there are any additional unforeseen works identified whilst on site, this will be covered through the contingency.

The intention of the council is to award the estimated cost of the works for £1.8m.

Contract Management

- 2.11 The contractor will be provided a schedule of addresses for them to inspect jointly with the project manager and, from this works the full scope of works will be agreed. The appointed contractor will be required to provide weekly reports and attend monthly update meetings. The meetings will include but not limited to any omissions and additions to the contract, variations to cash flow, issues with access. A risk register shall be reviewed monthly along with cash flow.

A stipulation in the contract will be that all invoices be approved by the council's team of Quantity Surveyors. Lambeth staff shall be appointed as contract administrators.

3 FINANCE

- 3.1 The contract value will be under £1.8m; the figure in table 2 below shows a final total cost of £1.739m but this is based on an estimated mix of properties. The total number of properties requiring a bathroom and kitchen is 155 properties across both estates. All the properties will require a bathroom and the rate for the work is the same. However, the cost for the kitchen work will depend on the size of the properties, as shown below.

Table 2

Fenwick State

	Size	Number of rooms	Number of properties	Basket Rate (£)	Estimated total cost (£)
Bathroom	All	All	95	4,418.16	419,725.20
Kitchen	Small	1	23	5,296.27	121,814.21
	Medium	2	48	6,760.14	324,486.72
		3	21	8,235.79	172,951.59
Large	4	3	9,774.91	29,324.73	
Total Fenwick State					1,068,302.45

Leihgam Court Road

	Size	Number of rooms	Number of properties	Basket Rate (£)	Estimated total cost (£)
Bathroom	All	All	60	4,418.16	265,089.60
Kitchen	Medium	2	60	6,760.14	405,608.40
Total Leihgam Court Road					670,698.00

Total Cost for both Site	1,739,000.45
Contingency	200,000.00
Total	1,939,000.45

- 3.2 The works are committed during 2021/22 and this contract has fixed basket rates for bathrooms and kitchens. The works proposed in this report are to be financed from the Liveability Plan capital programme budget for 2021/22. A contingency sum of £200,000 has been added to the budget.
- 3.3 The revenue implications of this capital spend are budgeted for within the HRA Business Plan.

4 LEGAL AND DEMOCRACY

- 4.1 The authority to approve the recommendation in this report is delegated to the Cabinet Member for Housing and Homelessness in consultation with the Leader.
- 4.2 The Council's contract standing orders require that contract with a value of more than £100,000 are competitively tendered.
- 4.3 Works contracts with a value of less than £4,733,252 are not subject to a requirement to publish a contract notice and follow one of the prescribed procurement procedures laid down by the Public Contracts Regulations.
- 4.4 The Council's contract standing orders permit call-offs from frameworks in which the Council is a named authority or part of a group of contracting authorities named in the contract notice as being permitted to access the framework
- 4.5 The Council must adhere to the provisions of the framework in awarding contracts accessing the framework, and the contract must be tailored within these bounds. Some frameworks permit direct awards, and these are permitted where all the terms governing that award are laid down in the framework agreement and the objective conditions for determining which of the economic operators that are party to the framework agreement shall perform them, which conditions must be indicated in the procurement documents for the framework agreement.
- 4.6 This proposed key decision was entered in the Forward Plan on 28 June 2021 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period –

must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5 CONSULTATION AND CO-PRODUCTION

- 5.1 There has been consultation with Councillors and resident groups before the tenders were obtained. The condition of the buildings did generate significant enquiries/complaints and the proposed works addresses these concerns.
- 5.2 Further consultation with residents on the options / design of units available will also take place before works commence. A dedicated customer liaison officer will liaise with residents and provide regular updates and, upon completion of a project, residents' feedback via customer satisfaction surveys and rectification, will be sought as part of final sign off.

6 RISK MANAGEMENT

- 6.1 A risk register shall be in place throughout the duration of the contract and shall be reviewed monthly by the project team and the senior project manager.

All works will be inspected by Lambeth Housing Officers to ensure the contractor meets Lambeth expectations in terms of quality, Health and Safety and price. Costing for the works will be out of an agreed budget.

Table 3 – Risk Register

Item	Risk	Likelihood	Impact	Control Measures
1	Management of contractor's performance	Medium	If project is delayed, this would have a direct impact on the overall programme for meeting the Council's housing investment target.	Performance will be undertaken at monthly meetings with the Capital Works team, which shall review the project cost and programme
2	Contractor unable to deliver service within timeframes	Low	Reputational damage against the Council arising out of late commencement or delivery of works.	Performance will be undertaken at monthly meetings with the Capital Works team, which shall review the project cost and programme
3	Changes in project staff	Medium	Lack of continuity on the management of project, possible delays, and increased cost	Detailed handover meetings to be held when staff do change. Maintain adequate records of decisions taken - develop a decision register.
4	Any delay in this appointment leading to contractor	Low	Reputational damage against the Council for late commencement or delivery of works.	A timeline with specific performance measures forms part of the instruction. This will be measured by the works team and the associate director.

	unable to deliver against programme			
5	GDPR	Low	Reputational damage against the Council for the disclosure of data	Maintain adequate records of decisions taken - develop risk register to include GDPR, review monthly
6	COVID	Medium	Lack of operative/materials on projects, possible delays, and increased cost	Develop risk register to include supply chain, review monthly.
7	Business Continuity Plan	Low	If individual projects are delayed or cost increased, this would have a direct impact on the overall programme for meeting the Council's housing investment target	Business Continuity Plan for the contract sought from the Supplier and that it integrates with Lambeth's Business Continuity arrangements.
8	Contractor failure to deliver works	Low	Potential increase in the cost of works. Reputational damage to the council. Resident dissatisfaction.	Robust referencing completed including financial and trading references. Robust contract management.

7 EQUALITIES IMPACT ASSESSMENT

- 7.1 An EIA has been produced for the 2020 housing procurement project – including major works. The report consulted and received feedback from lead officers in Strategy and Communications – all of which have been incorporated. The Director of Housing gave approval for its onward submission to the equalities panel.
- 7.2 The equalities panel concluded there would be no adverse impact on equality in the borough and in fact it offers opportunity to enhance recruitment of residents, training, and various apprenticeship programmes.
- 7.3 For the proposed works (replacement of kitchens and bathrooms), there is no potential for discrimination on protected characteristics of those residents where works shall be undertaken.

8 COMMUNITY SAFETY

- 8.1 The proposed instruction will lead to the following outcomes:

- In undertaking works to the building, the contractor will adhere to health and safety regulations to protect their workers, the public and residents during the programme of works.
- Compliance with Disclosure and Barring Service is expected from the contractor's workforce
- New consumer units, smoke alarms and fire doors will ensure the safety of residents within their homes and protect the overall building.
- Access to the building, and subsequently the residents' properties, will be managed by the Council to ensure no unauthorised access.
- Safeguarding procedures will be place for vulnerable residents

9 ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 The local and immediate environment shall be improved considerably by the works, which may include some or all of the following.
- 9.2 Ser are committed to sustainability and aim to minimise waste sent to landfill while maximising reuse and recycling. It is recognised the amount of waste generated is a product of the design and material specification as well as site practices.
- 9.3 Ser will deliver its projects in line with sustainability goals and share best practice. Ser are registered with the Environment Agency as an upper tier waste carrier (Registration Nr CBDU227220).
- 9.4 A Site Waste Management Plan (SWMP) during mobilisation will remain live through to end of the project. The SWMP will ensure that waste generated is kept to a minimum and complies with Waste and Resources Action Program (WRAP) guidelines.
- 9.5 Ser adhere to the principles of the 2008 Site Waste Management Plan Regulations. Skips will be collected by their waste management partner and taken to their recycling facility where the waste will be sorted, and majority recycled. If space allows, shall segregate waste on site.
- 9.6 Ser operatives have received a Toolbox Talk on the importance of recycling and proper waste segregation. A designated operative will act as a Skip Monitor, overseeing and assisting colleagues with correct separation of the different wastes. All waste is removed to their waste management partner's transfer station for sorting and recycling. Ser currently recycle over 97% of its and participate in various take back schemes with suppliers including British Gypsum, Kingspan, and Jablite where they take back offcuts, packaging and unused materials for recycling. Ser support Community Wood Recycling which provides waste wood to local social enterprises.
- 9.7 A commitment to select materials with the lowest embodied carbon available and meet relevant sustainable certification standards.
- 9.8 Disposal of materials according to the waste hierarchy, the contract will show a commitment to recycling waste and providing evidence from the contractor.
 - Responsible disposal of appliances containing refrigerants, if required. The contractor will use its licensed carriers of hazardous wastes in the uplifting of all fridges, freezers and air conditioning units for transportation to licensed sites for degassing and recycling. The aim

is to minimise the impact of electrical and electronic goods on the environment, by increasing re-use and recycling and reducing the amount of waste going to landfill.

- 9.9 Water efficient products will be installed as part of this contract.
- 9.10 Thermal specification of kitchen floor covering and fire door.
- 9.11 Low energy lighting, where applicable to electrical works. Ser will ensure all of our low energy fittings meet the demands of Part L of the building regulations and the Code for Sustainable homes that require *dedicated low energy lighting* to be installed.
- 9.12 The repair and replacement of components such as kitchens and bathrooms, together with associated works, will extend the life of the buildings, improve the aesthetic appearance of each home, whilst also improving the energy efficiency of the homes and reducing energy bills. Using new efficient light fittings for example, fits well with the council's longer-term efficiency targets.

Health

- 9.13 The Contractor shall at all times comply with the requirements of the Health and Safety at Work, etc. Act. 1974, the Management of Health and Safety at Work Regulations 1992 (including the provision by the Contractor of a copy of its risk assessment under these Regulations when requested by the Council), and of other Acts, Regulations, including CDM Regulations, Orders or rules of law pertaining to health and safety in respect of the Works.

Staffing and accommodation

- 9.14 There are no staffing or accommodation issues impacting on this recommendation.
- 9.15 **Responsible Procurement:**

The contractor has expressed their ambition to use electric vehicles over the coming years in to reduce CO2 emissions. It is important to note that in this instance, this is a short-term contract.

Single Use Plastics, Reducing Packaging and Plastics

The successful contractor has a confirmed and live policy for the use of plastics and packaging.

Positive Health and Wellbeing

The successful contractor has less 250 staff and therefore not subject to the London Healthy Workplace Charter or equivalent, signing of the Time for Change Employers Pledge and Suicide Prevention Strategies all of which have been incorporated in the terms and conditions. The contractor does however follow such guidelines.

Social Value Levy

The contract will require the supplier to contribute 1% of its contract turnover (social value levy) to the council's Social Value Fund to be used to fund social and environmental initiatives and improve equality within Lambeth.

Good Quality Jobs with Fair Pay and Decent Working Conditions

The Living Wage (as accredited with the Living-Wage Foundation) for directly employed and sub-contractors will be in the terms and conditions of the proposed contract. The Modern Slavery Act (2015) applies to this procurement. Provision shall be made in the terms and conditions of the contract.

Quality Apprenticeships (NVQ Level 2 or above), Targeted Employment & Lambeth Priority Group:

This is a short-term contract (under 52 weeks) and so, it would be unrealistic to generate 'Quality Apprenticeships/Trainee Positions target employment for Lambeth's priority group.

Innovation

Total Asset Solution (TAS)

It is anticipated that the Total Asset Solution will make a real difference to Lambeth citizens and leave a lasting social legacy. The TAS will see the Project Managers take an increased role in the management of projects, including over a period of time and training, writing the specification of works, removing the reliance on external consultants and their associated fees. All of the above will be minimum requirements and contractors will be expected to offer innovative delivery solutions.

10 TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Date published on Forward Plan	28 June 2021
Publication on Decisions online	14 January 2022
Cabinet Member Decision	24 January 2022
End of Call-in Period (key decisions only)	31 January 2022
Execution of Contract	February 2022
Mobilisation Period for Contract	February 2022
Commencement of Contract	February 2022

Audit Trail				
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Claire Holland	Leader of the Council	17/12/2021	11/01/2022	
Councillor Maria Kay	Cabinet Member for Housing and Homelessness	21/10/2021	24/11/2021	
Bayo Dosunmu, Strategic Director	Resident Services	11/10/2021 21/10/2021	25/10/2021	
Neil Euesden, Director: Housing	Resident Services	11/10/2021 21/10/2021	21/10/2021	
Andrew Marshall, Assistant Director	Resident Services	19/08/2021 30/12/2021	19/08/2021 07/12/2021	General
Andrew Ramsden, Finance	Finance and Property	28/06/21 09/12/21	20/10/2021	General and 3
David Thomas, Legal Services	Legal and Governance	28/06/21	06/07/21	4
Maria Burton, Democratic Services	Legal and Governance	28/09/21	05/10/21	4
Jennifer Rhoden, Procurement Category Manager	Finance and Property	27/08/21	05/10/21 20/12/21	Whole document
Paul Keenlyside, Sustainability Officer	Finance and Property	28/06/21	30/06/2021	General

Report History	
Original discussion with Cabinet Member	June 2021 (Councillor Maria Kay)
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	28 June 2021
Key decision reasons	Expenditure, income, or savings in excess of £500,000.
Background information	Future Lambeth, Our borough plan 2016-2021
Appendices	2020 Housing Service Delivery - Equality Impact Assessment

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Garry Dickson, Head of Programme Management

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature: _____ **Date:** _____

Post: Councillor Maria Kay
Cabinet Member for Housing and Homelessness

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None.

Any dispensations: None