

## Decision by Portfolio Holder



**Report reference: HPS-005-2019/20**

**Date of report: 13 August 2019**

**Epping Forest  
District Council**

**Portfolio:** Housing and Property Services

**Author:** H Thorpe (Ext) 4162  
Operational Assets and Compliance

**Democratic Services:** J Leither

**Subject:** Acceptance of Tenders – Contract 190 Environmental Improvement Works and Garage Demolition 2019-24, to Council owned properties and sites within Epping Forest District.

**Decision:**

- (1) That, Advanced Demolition Ltd and W H Construction Ltd each be awarded a 1-year contract renewable annually for up to a maximum of 4-further years, for the Environmental Improvement Works and Garage Demolition 2019-24, to Council owned properties and sites within Epping Forest District for the tender sum of £323,672.61 and £345,408.13 respectively being the lowest most economically advantageous tenders received; and
- (2) That, the overall value of the works be capped to the sums included in the Capital Programmes identified for Estate Environmental works and for Garage Site Demolition within the Housebuilding programme on an annual basis; and
- (3) That, this contract be designated as a serial contract to facilitate the annual adjustment to the tendered rates in accordance with the Royal Institution of Chartered Surveyors (RICS) BCIS ALLCOS Resource Cost Index of All Construction: All Repair and Maintenance Work #7419.

<b>ADVISORY NOTICE:</b>	
<i>A Portfolio Holder may not take a decision on a matter on which he/she has declared a Pecuniary interest. A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.</i>	
I have read and approve/ <del>do not approve</del> (delete as appropriate) the above decision:	
Comments/further action required: None	
Signed: Cllr H Whitbread	Date: 22 <sup>nd</sup> August 2019
<i>Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:</i>	<i>Dispensation granted by Standards Committee: Yes/No or n/a</i>
None	N/A
<b>Office use only:</b> Call-in period begins: 23 <sup>rd</sup> August 2019	Expiry of Call-in period: 2 <sup>nd</sup> September 2019

**After completion, one copy of this pro forma should be returned to Democratic Services IMMEDIATELY**

<p><b>Initialed as original copy by Portfolio Holder:</b></p>
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**Reason for decision:**

The Council's Housebuilding programme requires the demolition of approximately 34-garage blocks on a planned programme of work located on garage sites throughout the Epping Forest District over the next 5-years. This is a new contract which needs to be procured and approved in accordance with the Council's Procurement Rules.

The existing contract for environmental improvements is due to expire and a new contract needs to be procured and approved in accordance with the Council's Procurement Rules to ensure Council owned communal areas, roads, paths, garage sites and open spaces are maintained to a safe and good standard.

Advanced Demolition Ltd and W H Construction Ltd have been advised of the recommendations contained in the Tender Evaluation Report for Contract 190 - Environmental Improvement Works and Garage Demolition 2019-24 and have confirmed that they are willing to stand by their tendered rates.

That should it not be possible to enter into a contract or a contract renewal with either Advanced Demolition Ltd or W H Construction Ltd for some reason, environmental improvement works and garage demolition works will be awarded to one contractor.

The undertaking of a competitive tender exercise for works of this value is not only a requirement of the Council's Procurement Rules, but is also a requirement of Section 20 of the Commonhold and Leasehold Reform Act 2002 when estate environmental improvement works are undertaken on the communal areas of Council blocks of flats.

**Options considered and rejected:**

The main alternative options considered are:

- (1) To re-tender the contract on an annual basis. However, this would be time consuming and inefficient. Re-tendering would not guarantee more competitive tenders.
- (2) To appoint a single contractor to undertake environmental improvement works and the garage demolition programme. However, when comparing the tendered totals in the Price Framework submitted by Advanced Demolition Ltd, the lowest tenderer and W H Construction Ltd the second lowest tenderer, appointing a single contractor would not be the most economically advantageous tender received.
- (3) To seek quotations on an individual basis for every environmental improvement project or for every garage block demolition. However, this is very time consuming and is not cost effective, and given the volume of environmental improvement work and garage block demolition work carried out per annum, this would breach the Council's Procurement Rules C2 (9) with the works exceeding £25,000 in value during one financial year.

**Background Report:**

1. The existing contract for undertaking environmental improvement work is due to reach the end of its term and as such it is necessary to re-tender the works. The work associated with environmental improvements are in a similar works category to demolition work.

- Included in the tender documents for Contract 190 Environmental Improvement Works and Garage Demolition 2019-24 was a Price Framework of 5-schedules that included a fully specified garage demolition works programme and a schedule for additional demolition work, an example of environmental improvement work, a comprehensive schedule of rates for ad-hoc and planned environmental improvement works as referenced in the table below;

Schedule of Rate Description;	Reference;
Garage Block Demolition Schedule of Rates;	01
Garage Sites and Non NHFv7 Schedule of Rates;	02
Bin Store Example;	03
Ad-Hoc Estate Enhancement Schedule of Rates;	04
Planned Estate Enhancement Schedule of Rates;	05

- The Service Manager - Property Maintenance authorised the Contractor Selection Record Sheet for Invitations to Tender (ITT) to be sent to 5-contractors who are registered on Constructionline and are accredited and experienced in undertaking this type of work.
- The Service Director - Housing and Property Services issued the ITT letter attached to an email on the 4<sup>th</sup> June 2019 to the following contractors;

Contractor;	Constructionline Registration Number;
1. W H Construction Ltd;	192670
2. Squibb Group Ltd;	6801
3. Gracelands Complete Maintenance Ltd;	51468
4. Advanced Demolition Ltd;	41429
5. Flowline Builders Ltd;	126527

- The contract, initially for a period of 1-year is renewable annually for a maximum period of a further 4–years, subject to the budget allocation within the Capital Works Programme and the contractor’s performance and quality of workmanship.
- The contractors were advised that their responses would be a competitive tender exercise and an Excel file titled ‘(Your Company) Estate Enhancements Pricing Schedule 2019’ template contains within the 5-schedules all the items that are to be priced by the contractor in the tender process.
- The contractors were advised that their completed Tender Submission documents must be uploaded into the Delta eSourcing Tender-Box no later than 12 o’clock midday on Friday 28<sup>th</sup> June 2019.
- The tenders were opened on the 12<sup>th</sup> July 2019, through the Delta eSourcing platform, Tender-Box opening Access Code; EE3T8CHN34, and present at the tender opening were the Housing Portfolio Holder and three representatives of Epping Forest District

Council, a Committee Officer, the Service Manager Property Maintenance and the Housing Assets Manager.

9. All 5-contractors uploaded their Tender Submission documents into Delta eSourcing Tender-Box before the return date and time. The results of the tender opening based on the Collection Page Total submitted by the contractors are shown in the table below:

Contractor;		Tender Sum £;	Position;
1.	W H Construction Ltd;	345,408.13	2 <sup>nd</sup>
2.	Squibb Group Ltd;	588,430.66	5 <sup>th</sup>
3.	Gracelands Complete Maintenance Ltd;	418,464.29	3 <sup>rd</sup>
4.	Advanced Demolition Ltd;	323,672.61	1 <sup>st</sup>
5.	Flowline Builders Ltd;	522,803.19	4 <sup>th</sup>

10. In order to ensure consistency between the submitted tenders a full and comprehensive Tender Evaluation Report was undertaken on all 5-submitted tenders for Contract 190 Environmental Improvement Works and Garage Demolition 2019-24. The Tender Evaluation Report included a comparison of all the tendered schedules within the Price Framework, a full arithmetical check, schedule of rate item comparison and the identification of any pricing inconsistencies within the schedules.
11. The tender submitted by Squibb Group Ltd contained a minor calculation error of £540.00 which when corrected increases their submitted Tender Sum to £588,970.66. This is a minor arithmetical error and does not alter the outcome of the tender result.
12. Except for the one minor arithmetical error identified, all the contractors completed the pricing requirements in full and have submitted fully compliant tender returns.
13. Advanced Demolition Ltd submitted the most competitive tendered rates in the Price Framework schedules for Garage Block Demolition and Garage Sites and Non NHFv7. Both schedules contain specialist items for garage site demolition and garage site repair works.
14. Advanced Demolition Ltd also submitted the most expensive tendered rates in the Price Framework schedules for Bin Store examples, Ad-hoc and Planned Estate Enhancement work which were on average 23.8% more expensive than the second placed tenderer W H Construction Ltd.
15. W H Construction Ltd submitted the most competitive tendered rates in the Price Framework schedules for Bin Store examples along with Ad-hoc and Planned Estate Enhancement work. These works require the contractor to have facilities to undertake ad-hoc and planned environmental improvement works, brickwork, specialist path and road finishes and white lining.
16. Annual expenditure on Estate Environmental works within the Capital programme is estimated at £120,00.00. The Tender Report has estimated that around £131,000 of savings can be achieved over the 5-year contract period by splitting the Price Framework schedules and appointing W H Construction Ltd for the Estate Environmental works.
17. The maximum expenditure on the combined ad-hoc and planned Estate Environmental works undertaken by W H Construction Ltd will be capped at £160,000 the budget allocated within the existing Capital Programme 2019-20.

18. A review of the Constructionline Supplier Report run on the 25<sup>th</sup> July 2019, has been undertaken on the current membership status of Advanced Demolition Ltd and W H Construction Ltd, Constructionline Registration Numbers; 41429 and 192670 respectively a further review of Constructionline Registration and Insurance documents will be undertaken prior to the contract award.
19. Advanced Demolition Ltd is an experienced demolition contractor capable of undertaking these works and have a local site set up.
20. W H Construction Ltd is an experienced contractor with a local site set up. They are experienced in working with the Council and are the current Estate Enhancement works contractor.
21. It is therefore recommended that Advanced Demolition Ltd and W H Construction Ltd each be awarded a 1-year contract renewable annually for up to a maximum of 4-further years, for the Environmental Improvement Works and Garage Demolition 2019-24, to Council owned properties and sites within Epping Forest District for the tender sum of £323,672.61 and £345,408.13 respectively.
22. The results of the additional Financial Health Check Reports carried out by Accountancy on Advanced Demolition Ltd and W H Construction Ltd show that both Companies, are 4-star rated and their Credit Values and Financial Stability Assessments show that they are low risk. As these works are issued under relatively low value individual HRP Works Orders and the contractors invoices are not settled until the works have been inspected and completed these works are therefore considered to represent a low financial risk to the Council.
23. It should be noted that when the contract is extended beyond the first year, all tendered schedule of rate items are to be increased annually in accordance with the Royal Institution of Chartered Surveyors (RICS) BCIS ALLCOS Resource Cost Index of All Construction: All Repair and Maintenance Work #7419.

#### **Resource Implications:**

Expenditure on ad-hoc and planned environmental improvement works will be capped at £160,000 the budget currently allocated within the Capital Programme 2019-20 for Estate Environmental work.

Expenditure on garage block demolition will be capped at the budget allocated within the Housebuilding programme for Garage Site Demolition.

#### **Legal and Governance Implications:**

The financial expenditure is below that requiring an OJEU Procurement Exercise. Therefore, this tender complies with the requirements as set out in the Council's Procurement Rules

#### **Safer, Cleaner and Greener Implications:**

Ad-hoc and planned Environmental Improvement programmes of work provides a safer environment for residents and visitors to Council owned and managed areas.

#### **Consultation Undertaken:**

None

**Background Papers:**

A completed Tender Evaluation Report for Contract 190 - Environmental Improvement Works and Garage Demolition 2019-24.

**Impact Assessments:****Risk Management:**

A risk assessment has been undertaken which includes performance, quality, and health and safety risks.

A review of the Supplier Report has been undertaken on the current membership of Advanced Demolition Ltd and W H Construction Ltd, Constructionline Registration Numbers; 41429 and 192670 respectively, a further review will be undertaken prior to the contract award.

It should be noted that, these works are issued under low value individual HRP Works Orders and invoices are not settled until the works have been inspected and completed therefore these works are considered to be a low risk.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

**Key Decision Reference (Y/N): N**