

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

LEAD COUNCILLOR:	COUNCILLOR ENNIS		
DATE:	10 MAY 2019		
TITLE:	EXTENSION OF CONTRACT - EXTERNAL INSULATION AND CLADDING SYSTEMS AND INTERNAL REFURBISHMENT UPGRADE TO 1 - 55 (ODD) REDESDALE COURT, BAMBURGH CLOSE, READING, BERKS RG2 7UD AND 92 - 144 (EVEN) DENTON COURT, HEXHAM ROAD, READING, BERKS. RG2 7UB		
SERVICE:	HOUSING PROPERTY SERVICES	WARDS:	WHITLEY
AUTHOR:	IAN NICHOLLS	TEL:	0118 937 3965
JOB TITLE:	BUILDING SURVEYOR	E-MAIL:	ian.nicholls@reading.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the decision to extend the current contract with Morris & Blunt Limited for the refurbishment of flats at Redesdale Court, Bamburgh Close to include works to 92 - 144 Denton Court thus extending the length of the programme by a further 55 weeks starting in August 2019 and increasing the overall contract sum.
- 1.2 The existing contract was tendered in November 2017 with the provision to extend this contract for a further block of flats upon successful completion of the current block of flats, 1 - 55 Redesdale Court. The tendered documentation states the priced specification for the second block shall remain the same as for the first block but shall be increased using the BCIS (Building Cost Information Service) Tender Price Indices in the monthly bulletin issued by the Department of Innovation, Business & Skills.
- 1.3 Extension to this contract is set out on the following pages within the tender documentation:
Page 2 Introduction.
Form of Tender Title Page.
Form of Tender item 2 describing the BCIS Annual Price Adjustment.
Section One Preliminaries Page 1 item 1.1.
Section One Preliminaries Page 2 Phasing of the works.
- 1.4 Policy Committee of 30th October 2017 delegated authority to the Director of Environment and Neighbourhood Services in consultation with the Lead Councillor for Housing to award a contract for the Redesdale Court block with the ability for the contract to be extended to include the Denton Court block.

2. DECISION

- 2.1 It is the decision of the Director of Environment and Neighbourhood Services, in consultation with the Lead Councillor for Housing that the contract, "External Insulation and Cladding Systems and Internal Refurbishment Upgrade to 1 - 55 Redesdale Court, Bamburgh Close, Reading," be extended to include works to 92 - 144 Denton Court, Hexham Road, Reading. The cost of the additional block will be based on the tendered sum for the original block (1-55 Redesdale Court) of £1,510,117.02 increased using the specified BCIS (Building Cost Information Service) Tender Price Indices issued by the Department of Innovation, Business & Skills.

3. POLICY CONTEXT

- 3.1 Reading Borough Council is in the process of refurbishing blocks of flats on the Hexham Road Estate funded from the Housing Revenue Account (HRA).

4. THE DECISION

- (a) **The Current Position.** The current contract was tendered to include provisions for an extension of the contract based on exactly the same terms and conditions and rates as tendered by the contractor in the specification and increased using the BCIS indices issued by the Department of Innovation, Business and Skills. To date the works are approximately 50% complete at Redesdale Court with the contractor performing very well with the tasks in hand and having a good tenant consultation process and understanding of the specification for these properties.
- (b) **Options Proposed.** The proposal is to extend the current contract for a further 55 weeks to refurbish 92 - 144 Denton Court based on the same competitively priced rates used for 1 - 55 Redesdale Court and increased using the nationally recognised BCIS indices.
- (c) **Other Options Considered.** Retendering - There is no guarantee this course of action would save the Council money. The existing contract was competitively tendered in November 2017 with the option to extend the contract based on the Block 1 costs increased using the nationally recognised BCIS indices. The buoyancy of the construction market place at the moment could potentially reduce the number of interested contractors and result in higher cost and the likelihood for a change of contractor who is unfamiliar with the work. Internally the risk extends to increased staff costs/reduced effectiveness preparing documentation to tender a requirement only advertised 14 months ago.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Improving access to decent housing to meet local needs.

The refurbishment will enhance the physical environment of the Hexham Road Estate and improve the standard of homes for tenants both in terms of quality and safety.

5.2 Keeping Reading's environment clean, green and safe.

The insulation of flats up to current Building Regulation standards combined with the installation of new efficient Combination Boilers will result in lower fuel bills for tenants and contribute to the reduction of carbon emissions within the borough.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 Tenants will be involved in choosing the elevation cladding pattern designs for the block they live in.

7. EQUALITY IMPACT ASSESSMENT

7.1 An equality impact assessment is not required for this decision.

8. LEGAL IMPLICATIONS

8.1 The works will be executed either by formally varying the existing contract to include the additional works or by using the JCT Intermediate Building Contract 2011 on the exact same terms and conditions as the original.

8.2 The original contract was tendered and let in accordance with the Public Contracts Regulations 2015 via a full OJEU tender using the open procedure and included for an extension for the next block to allow works at 92 - 144 Denton Court to be carried out. Namely, in the introduction page on the form of tender and preliminary pages.

9. FINANCIAL IMPLICATIONS

9.1 The original tendered value for the works to the original block was £1,510,117.02, the same tender price will be applied to this additional block and will be increased by the BCIS Tender Price Indices applicable at the time of exercising the option to extend the contract, which is likely to be in the region of 2% increasing the contract sum for the additional block by approximately £30,202.35 to £1,540,319.37 meaning an overall total spend for both blocks of approximately £3,050,436.39.

9.2 It is anticipated there will be a saving for the second block of approximately £50,000.00 owing to no additional asbestos works required in the loft spaces. Also the BCIS indices will not be applied to the Contingencies.

9.3 The funding for the extension of the scheme is contained within the 3 year Housing Revenue Account Capital Programme approved by Council in February 2019. The total amount set aside in the Capital Programme is £7million.

10. Value for Money

- 10.1 To achieve the Council's Value for Money objective, the specification and schedule of current works at 1-55 Redesdale Court included a provision to extend the contract to cover works to an identical second block, namely 92 - 144 Denton Court, based on the tendered sum for the original block and increased using BCIS Tender Price Indices.
- 10.2 As the original contract was competitively priced; going back out to tender would not necessarily improve the value.
- 10.3 Extending the contract would ensure a smooth transition from working on the Block 1 - 55 Redesdale Court to Block 92 - 144 Denton Court.
- 10.4 The current contractor has developed a good contractor/tenant relationship on the Hexham Road Estate. Tenant satisfaction is shown to be extremely good with no negative results on the historical data.

11. BACKGROUND PAPERS

- 11.1 Reading Borough Council Signed Form of Tender, Signed Tender Award Letter, Signed Contract Lettings Checklist, Signed PPA, Report on Tenders Invited, authorising award of contract to Morris and Blunt.
- 11.2 Delegated decisions of Cllr Ennis dated 8th January 2018 and Director of Environment and Neighbourhood Services dated 23rd January 2018.