



ADVANCE PUBLICATION OF REPORTS

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members
and operational key decision makers.

Once signed all decisions will be published on the Council's
Publication of Decisions List.

- 1. EXETER ROAD: GROUND SOURCE HEAT PUMP - RECTIFICATION
WORKS** (Pages 1 - 12)

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Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Operational Report

Report of Paul O'Donnell, Acting Investment and Resident Safety Director

Subject: Exeter Road: Ground Source Heat Pump – Rectification Works

Executive Director (Acting): Joanne Drew

Ward: Brimsdown

Key Decision: 5313

Purpose of Report

1. To approve the direct award of works contract, using the Procurement for Housing framework for Renewables & Energy Efficiency Works and Associated Consultancy Services, Lot 1D - Ground Source Heat Pumps for the rectification works to the Ground Source Heat Pump (GSHP) system (phase 1) at the Exeter Road blocks; Honinton House, Newton House, Ashcombe House and Tiverton House.

Proposal(s)

2. That approval be given to award and enter into a contract for phase 1 of the rectification works to the GSHP system at Honinton House, Newton House, Ashcombe House and Tiverton House, to the Contractor and for the contract price detailed in the confidential appendix.
3. That approval be given for the contingency sum detailed in the confidential appendix. The total project cost including consultancy services, staff costs and contingency will be £690,782.

Reason for Proposal(s)

4. The contractor that originally installed the GSHP system at these blocks, ICE Energy, went into liquidation during the defects period and as a result the council do not have a warranty for the system or a maintenance contract. This also means there is no recourse to align repair costs to this organisation.
5. The GSHP system installed at Exeter Road relies on 16 pumps to circulate the glycol medium from the ground array to each individual shoebox located

in each property. These pumps have reached the end of their serviceable life and are suffering a high volume of faults, which is affecting the provision of heating and hot water to the residents.

6. The resolution of this issue has required specialist advice to secure adequate service provision for residents and reduce compensation payments these works need to be undertaken urgently.

Relevance to the Council's Corporate Plan

8. The contract will support the following objectives from the Corporate Plan:
9. Good homes in well-connected neighbourhoods: The programme will improve the quality and safety of existing homes and therefore positively impact on the wellbeing and quality of life for our residents.
10. Sustain healthy and confident communities: Improving the existing homes where people desire to live will help to create and maintain healthy and confident communities.
11. An economy that works for everyone: Ensuring residents are able to fully participate in activities within their neighbourhood.

Background

12. The GSHP system was installed to all 187 flats in the Exeter Road blocks; Honinton House, Ashcombe House, Newton House and Tiverton House in 2016 by ICE Energy.
13. Works were completed in June 2016 and included both heating infrastructure and individual central heating systems to the flats. This contract included a 4yr maintenance period beyond the 12 month defects period.
14. The project was driven by the need to change the failing heating system in the blocks, to mitigate against fuel poverty by reducing heating costs and a step toward reducing carbon emissions. Within the first few months of the defect period ICE Energy went into liquidation and withheld a large amount of data, certification and passwords required for remote monitoring of energy consumption and identify faults in the system. The agreed maintenance contract was not fulfilled.
15. Since the installation numerous defects have occurred and as a temporary measure, rectification has been carried out by the day to day contractor and in some cases the specialist heating contractor as there is no formal specialist maintenance contract in place.
16. The existing system should rely on an immersion heater back up should the heat pump fail, however it is not possible to tell which flats are relying on this due to the ongoing repairs reported over the years and the inability to remotely monitor.
17. The scope of works includes:

- Cleaning and drying out the basement/lower ground areas of each block and disposing of Glycol fluid
- Painting of floors in the pump room to provide a protective and finished surface
- Identify location of all borehole manifolds and allow for pressure testing of underground pipework
- Pressure test pipework from pump room to borehole manifold locations
- Disconnect and removal all existing Glycol circulation pumps including pipework connections
- Supply and install new loop pumping equipment, pipework connections vapour sealed insulation
- Supply and install new pumps including testing and commissioning
- Associated mechanical and electrical works

It is proposed that this phase of works carries out the works to the communal areas without the need to enter the resident flats. If this does not resolve the issues of all residents phase 2 will be required involving the replacement of all non-shoebox heat pump units within the flats and a sweep through the others to ensure they are working correctly, this will be procured separately is required.

18. A direct call off for the Contractor will be carried out using Procurement for Housing renewables Framework due to the specialist nature of these works.
19. The contract specification/scope of works has been written by a specialist Mechanical and Engineering consultant, David Miles & Partners, following surveys of the system. David Miles have also provide a commercial review of the proposed contract to ensure value for money.
20. The call-off contract will take the form of the Procurement for Housing standard template available for customers to amend in accordance with their terms and conditions.

Main Considerations for the Council

21. See Part 2

Safeguarding Implications

22. The works will not require Contractors to enter residents' homes, however if there are further heating and hot water faults while on site they will address these, if instructed, so the Contract Documents require Disclosure & Barring Services (DBS) and adherence with the Council's Safeguarding Policy.
23. In addition to the above the Contractor is required to provide a dedicated Resident Liaison Officer (RLO) whose role is to ensure that residents needs are reflected in the necessary processes adopted by the Contractors.

Public Health Implications

24. The works will improve the living conditions of all the residents within these blocks. This aligns with the provisions of the Enfield Joint Health and

Wellbeing Strategy, which makes reference to the importance of housing quality as a determinant of health.

25. The contractors will be completing works in-line with the government's Covid Secure and CLC guidelines. They are required to provide a detailed method statement and risk assessment for each activity and the Council, and its advisors will review and comment on these prior to the commencement of works.
26. A dedicated communication strategy and information pack will be jointly developed by the Council and Contractor and both will provide an RLO function to enable access and support residents during the works to their home.

Equalities Impact of the Proposal

27. An Equality impact assessment has been undertaken which did not reveal any adverse impact on residents sharing protected characteristics but several positive impacts for people on the grounds of age, disability and socio-economic status.
28. The decision to award any contract is also subject to the public sector equality duty and we must demonstrate that we have had due regard to the need to
 - Eliminate discrimination
 - Advance equality of opportunity for people sharing a protected characteristic and those who do not
 - Promote good relations between people sharing a protected characteristic and those who do not
29. We did not require evidence of how the companies will help the Council to comply with the Public Sector Equality Framework (PSED) as part of the selection process but will include this in the contact terms and conditions, in accordance with the Under the Ethical Procurement Policy we are required to consider how the contractor will help the council meet the PSED.
30. The contractor is to be appointed via a call off contract from the Procurement for Housing framework to reduce the timeline to site. We will therefore ask for evidence of how the contractor will comply with the PSED in the contract conditions, including confirmation of its Equality and Diversity Policy and an inclusive engagement strategy.

Environmental and Climate Change Considerations

31. The Contractors' adhere to their environmental strategy which focuses on waste reduction, hybrid/electric vehicles and carbon reduction. Contractors will use local suppliers where possible to minimise the carbon footprint of deliveries.
32. GSHP is a progressive low-carbon technology, for which Enfield Council has been seen a leader in piloting. To achieve our net zero goals, we must continue to decarbonise heating, which will involve future use of technology

like GSHPs. It is critical to our net zero commitments to manage potential negative perception of this technology type, and resolve the reputational risk currently being experienced in addition to taking away lessons learnt for future.

Risks that may arise if the proposed decision and related work is not taken

33. Risks to the Council and likely impact if the proposed decision and related work is not taken are detailed below:

Risk	Likelihood	Impact
Resident dissatisfaction as rectification may be delayed due to the day to day contractors lack of resource or expertise on a specialist system.	High	High
Increasing compensation payments due to the ongoing failure of the risers leaving residents with no hot water and no heating	High	High
Increased fuel poverty	High	High
Health issues increasing the cost to the local NHS service	High	High

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

34. The table below highlights the risks identified and mitigating actions taken:

Risk	Mitigation	Residual likelihood	Residual impact
Poor resident satisfaction caused by poor contractor performance	Contract Key Performance indicators and effective contract management will be employed; ultimately other contractors can be used to deliver works	Low	Low
Contractor claims for additional monies	Robust Quantity Surveying support/resource within the Council to ensure contract provisions applied	Low	Medium
Incidents/accidents on site	Robust management of risk; Contractor submission of risk assessments etc	Low	High
Contractor refusing to sign the contract	Contractor has already signed up to the framework contract and framework terms and conditions will be utilised. Due to the value of works, it is not proportionate to negotiate bespoke terms and conditions.	Low	Low

Financial Implications

35. See part 2

Legal Implications

Legal Implications provided by MP on 19/10/22 based on version of report sent to MP only, on 19/10/22, timed at 09:13hrs

36. S.1 Localism Act (2011) provides the Council with the power to do anything an individual may do, subject to certain limitations. This is referred to as the "general power of competence" (GPOC). A local authority may exercise the GPOC for its own purpose, for a commercial purpose and/or for the benefit of others. The Council therefore has sufficient powers to enter into the call-off contract, as proposed in this report.
37. Under s.111 Local Government Act (1972) local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.
38. The Council must comply with all requirements of its Constitution. The decision being sought under this report constitutes a Key Decision (KD) therefore, the Council must be mindful of and adhere to its KD process, at all times.
39. The Council must also comply with all requirements of its Contract Procedure Rules (CPRs) and if applicable, the Public Contract Regulations (2015) (PCRs (2015)). In relation to the procurement and award of the works contract to the Contractor, the Council's CPRs and the PCRs (2015) permit the Council to call-off from an existing framework subject to the Council strictly complying with the terms of that framework. The Procurement for Housing (PfH) framework permits the direct award of contract to the selected Contractor and the Council has ensured full compliance with the PfH framework terms and direct award rules. The resulting call-off contract shall be drafted in accordance with these terms and rules.
40. Throughout the engagement of the Contractor, the Council must comply with its obligations of obtaining best value as set out in the Local Government Act (1999)
41. The Council is advised to consider paragraph 7 of its CPRs (Financial Security). For contracts between £500,000 - £1,000,000, sufficient security should be considered, to manage risk. Evidence of the form security required, or why no security was required, must be stored on the E-Tendering Portal for audit purposes.
42. All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance. Given the anticipated contract value, the contract must be sealed and retained by Legal Services for safekeeping (in accordance with the CPRs).

Workforce Implications

43. There are no direct workforce implications in this tender approval process.

Property Implications

- 44. HRA Property Implications: these are to be found throughout this report.
- 45. Corporate Property Implications: none.

Procurement Implications

- 46. Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).
- 47. The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.
- 48. All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.
- 49. Where a contract has not been procured via the LTP, then the signed contract, call off agreement and supporting DAR etc, must be sent to procurement.support@enfield.gov.uk who will create a record in the LTP and promote to contract finder to ensure the Council meets its transparency obligations.
- 50. The CPR's state that contracts over £100,000 must have a nominated contract owner in the LTP, and for contracts over £500,000 there must be evidence of contract management, including, operations, commercial, financial checks (supplier resilience) and regular risk assessment uploaded into the LTP.
- 51. The use of the Procurement for Housing framework has been checked as a compliant Framework for the Council to use. Due Diligence has been carried out. The service will need to abide by the Terms and Conditions of the Framework in terms of call off and terms and conditions for contract. The framework expires in January 2023 so some regard to the length of this contract needs to be considered. Direct Call off from this framework is permissible.
C Reilly 07.10.22

Options Considered

- 52. Do nothing; this will risk escalation with existing problems with risers and heat pumps, some of which the resident and Council may not be aware of. This will lead to further reputational damage, compensation payments and complaints.

53. Replace individual heating systems to flats; this is not considered viable or cost effective due to the expense and disturbance to the residents. This would be a last resort if all the heat pumps were found to be defective.

Conclusions

54. To award the contract for the outlined works to ensure adequate services are provided to residents.

Report Author: Paul O'Donnell
Acting Investment and Resident Safety Director
Paul.O'Donnell@enfield.gov.uk

24th November 2022

Appendices

Confidential Appendix

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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