



London Borough of Enfield

Report Title:	Award of a Water Tank Works Contract (Housing Compliance)
Report to:	Strategic Director of Housing and Regeneration – Joanne Drew
Cabinet Member:	Cllr Savva – Cabinet Member for Social Housing
Directors:	Strategic Director of Housing and Regeneration: Joanne Drew
Report Author:	Head of M&E Compliance: Ayfer Chol ayfer.chol@enfield.gov.uk
Ward(s) affected:	Borough-wide/All
Key Decision Number	KD5638
Classification:	Part 1 & 2 (Para 3)
Reason for exemption	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. To obtain approval to award a Water Tank works Contract (Housing Compliance)

Recommendations

- I. That approval be given to award and enter into a contract with “Contractor A” for Water Tank Works (Housing Compliance) for an initial term of 3 years for the contract price detailed in the confidential appendix.
- II. That authority to extend the contract for a 2 further years (in one-year increments) be delegated to the Strategic Director of Housing and Regeneration.
- III. That approval be given for the total budget including the contract price, the contingency sum, inflationary allowance, and staff costs detailed in the confidential appendix

Background and Options

2. As a landlord the council has statutory compliance responsibilities including ensure this compliance of housing water supplies. This contract includes, but is not limited to, the following works items:
 - Minor Water Hygiene Remedial Works (generated from Water Hygiene Risk Assessments & Monitoring / Inspections)
 - Major Remedial Works (Investigative services / pre-work surveys & Cold Water Storage Tank Replacement Works)
 - All aspects of water tank remedial actions, minor works including emergency works (Call-Outs - both during and out of hours) and major works(communal water tank replacements).
3. This contract undertakes remedial works (identified from an independent servicing contractor) to ensure compliance and safety is maintained in council housing blocks.
4. The contract delivers works to communal areas of blocks with leaseholders and therefore the section 20 process applies. This report authorises the award of this contract subject to the Section 20 observation period, any relevant observations following leaseholder notices will be referred to the decision maker of this report ahead of contact award.
5. The pre-tender estimate for these works was under the Public Contract Regulation (PCR) threshold, and therefore in accordance with the Councils Contract Procedure rules a competitive process was followed.
6. Tenders were issued via the London Tenders Portal (LTP) Project Information Ref – DN689604 from a select list. The process includes a minimum requirements questionnaire which ensures bidders are suitably competent and experienced in the works element. The tender submissions of the compliant bidders have been evaluated in line with the process set out in the Invitation to Tender. One bidder returned a response.

7. The tender was evaluated based on a quality/cost split of 50/50.
8. The form of contract will be JCT Measured Term Contract (MTC), which has been tendered on a schedule of rates to allow for the flexibility of increased or decreased volumes dependant on the remedial actions identified by the inspections.

Preferred Option and Reasons for Preferred Option

9. Consideration was given to delivering water servicing inspections through this contract, however this was discounted as it is best practice to have a separate party inspecting compliance (i.e. previously completed works) and recommending remedial actions to ensure the risk of works being over specified is reduced.
10. At tender stage it was decided to procure two contracts splitting the borough geographically, however the existing programme has accelerated prior to the award of this contract and therefore slightly less works are forecast through this contract than originally envisaged and considering the receipt of one tender it is recommended that one contract is awarded for these works.
11. In terms of procurement options there were three main routes for consideration:
 - a) Use of a suitable consortia framework agreement, with appointment via direct award or mini tender.
 - b) Unilateral tendering utilising the open process.
 - c) Tendering the opportunity to a select list of bidders following market engagement.
12. Using a framework can save time and money, while still delivering a service specified to local requirements. Under this route contractors are assessed for suitability prior to joining the framework and have signed up to pre-agreed terms and conditions. Standard documentation is also provided as well as support from the framework itself. However, the section 20 implications of framework routes can mean this route is open to challenge by leaseholders and contributions may be at risk.
13. Unilaterally tendering a contract allows clients to create bespoke documentation designed to fit their requirements. This approach also opens the opportunity to tender to a wider group of bidders however is more costly and time consuming to evaluate an unlimited number of bids. In this instance as the contract is estimated at under the PCR threshold open advert to the market is not required.
14. As the estimated value of the contract was under the PCR threshold the Councils Contract Procedure Rules as a competitive process is required, where at least 5 selected tenderers can be invited. This process was chosen as it minimises the timescales of the procurement process and limits the number of responses which can be resource intensive to evaluate.

15. Tendering a contract using the JCT Measured Term Contract is the preferred approach as this allows the council to flex the quantities of works in line with the requirements identified as required.

Relevance to Council Plans and Strategies

16. The contract will support the following objectives from the Council Plan:

- a. **More and better homes:** 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.
- b. **Sustain healthy and safe communities:** improving the existing homes where people desire to live will help to create and maintain healthy and confident communities.
- c. **An economy that works for everyone:** ensuring residents can fully participate in activities within their neighbourhood.

Financial Implications

Summary

17. This report is requesting approval to award the Water Tank Works Contract (Housing Compliance) and enter into a contract with contractor A for an initial term of 3, with a delegation to extend the contract for a further 2 years if required.

18. To approve an estimated 5-year contract budget of £1,970,000 which includes a contract sum of up to £1,740,077, inflation allowance of 4% per year and 10% contingency.

19. The below table shows the required budget for the works

Capital C300396	Capital Budget
Expenditure:	£m
Contract Sum	1.74
10% Contingency	0.19
Inflation	0.04
Total project cost	1.97
Funded by:	
Major repairs reserve	1.97
Total funding	1.97

Capital budget impact

20. The water tank works contract is included within the approved capital programme agreed at Council in February 2023.

21. The table below shows the breakdown of the 5-year contract:

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Expenditure	£m	£m	£m	£m	£m	£m
Contract	0.69	0.60	0.15	0.15	0.15	1.74
Contingency	0.07	0.06	0.02	0.02	0.02	0.19
Inflation	0.00	0.01	0.01	0.01	0.01	0.04
Total	0.76	0.67	0.18	0.18	0.18	1.97

Revenue budget impact

22. There will be no revenue impact.

23. These costs are included within the HRA business plan.

Impact on Borrowing

24. There will be no borrowing impact, these works are funded from the HRA major repairs reserve.

Leaseholders

25. Leaseholders will be required to contribute to the cost of the communal servicing and the section 20 process has been followed.

Risks

26. The contract is a JCT Measured Term Contract, which allows the council to flex the quantities of each services ordered according to the changes in the number of homes over the 5-year term. This will give the Council flexibility in the contract and allows for changes or reductions in budget if required, within approved contract value.

Legal Implications

27. The Council has the power under section 1(1) Localism Act 2011 to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power as recommended in this report. The Council has the power to alter, repair or improve its housing stock in accordance with section 9 of the Housing Act 1985. Under section 11 of the Landlord & Tenant Act 1985 the Council has repairing obligations in respect of properties which are

occupied by its tenants and these obligations cover structure, the exterior including drains, gutters, external pipes, installations in homes including water, gas, electricity and sanitation. Further, under section 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. The recommendations in this report are in accordance with these powers.

28. The Council also has a statutory duty under Section 20 of the Landlord and Tenant Act 1985 to undertake a consultation with leaseholders whose homes will be included on the programme and who will subsequently be charged a proportion of the costs incurred. The purpose of the consultation procedure is for leaseholders to be kept informed at the key stages of entering into a new contract and to permit leaseholders to make written observations within stipulated time periods, to which the Council is required to have regard.
29. There are sanctions for failing to comply with Section 20 which could restrict the Council's ability to recover costs from leaseholders as statutory caps can be imposed as to how much it can recover through service charge.
30. The contract being awarded is below the EU procurement threshold for Works, and so the Public Contracts Regulations 2015 do not strictly apply to this procurement process. However, the Council must comply with the procurement principles set out in its Contract Procedure Rules.
31. The contract must be in a form approved by Legal Services on behalf of the Director of Law and Governance and must be executed under seal.
32. The Contract Procedure Rules require that for contracts with a value of £1m or above, sufficient security (e.g. a performance bond or parent company guarantee) from the supplier must be required to manage risk. Where the supplier cannot provide security, but the Council has decided to accept the level of risk, then the Executive Director of Resources must approve the financial risk prior to any award. The relevant Authority Report must set out the reason why it is proposed that the contract should be awarded despite absence of security and what measures are to be taken to manage this risk. Evidence of the form of security required, or why no security was required, must be stored and retained on the E-Tendering Portal.
33. The Key Decision process under the Constitution must be followed as the project cost being approved is above the Key Decision threshold of £500,000.
34. As only one bid was received, officers must be able to demonstrate that Value For Money will be achieved.

Equalities Implications

35. An Equality Impact Assessment has been undertaken and appended to this report. It has been assessed that this contract will have no significant impact on those with protected characteristics.
36. The works will be delivered boroughwide to various communal areas and will benefit residents irrespective of the protected characteristics of the residents.
37. Access may be required via properties to access communal loft spaces. The successful contractor will be required to ensure all operatives will be fully briefed in line with the council's safeguarding policy. The terms and conditions of the contract will require adherence with the Equalities Act and contractors will be required to share their Equality Diversity and Inclusion policy to assure the council of their recruitment policies.
38. Engagement with residents will be undertaken by the Contractor in accordance with their processes for resident engagement and liaison which were evaluated as part of their tender submission which will be adapted according to the profile of the resident e.g. vulnerability, language spoken.

Environmental and Climate Change Implications

39. The contractor will be expected to comply with the minimum requirements of the council sustainable and ethical procurement policy.
40. The contractor has indicated they can provide Local Exhaust Ventilation (LEV) assessments in accordance with HSG258 utilising BOHS P601 qualified occupational hygienists. This contributes to the compliance of working areas for staff undertaking these services.
41. Within contract mobilisation, opportunities to reduce the carbon impact of the works will be reviewed.

Public Health Implications

42. The works will improve the living conditions of those residents that receive works. This aligns with the provisions of the Enfield Joint Health and Wellbeing Strategy, which refers to the importance of housing quality as a determinant of health.
43. 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.

Safeguarding Implications

44. The works will require Contractors to enter resident's homes and therefore the Contract Documents require Disclosure & Barring Services (DBS) and adherence with the Council's Safeguarding Policy.
45. 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 processes adopted by the Contractors. Evaluation of the Contractors offer in this area are a component of the qualitative evaluation.

Procurement Implications

46. The procurement was carried out on behalf of the Council by Echelon Consultancy Limited. As the procurement was not led by Procurement Services, ultimate accountability for procurement compliance lies with Echelon Consultancy Limited.
47. As the contract is over £1,000,000 the supplier must be required to provide sufficient security in accordance with Clause 7 (Financial Security) of the Councils Contract Procedure Rules.
48. The service must ensure that authority to procure has been obtained and must be uploaded onto the London Tenders Portal.
49. The procurement and award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of the executed contract must be undertaken on the London Tenders Portal including future management of the contract.
50. As this contract will be over £500,000, the CPR's state that the contract must have a nominated contract manager in the Council's e-Tendering portal. Contracts over £500,000 must show evidence of contract management of KPI's to ensure VFM throughout the lifetime of the contract. The contract will be managed in line with the Contract Management Framework and evidence of robust contract management, including, operations, commercial, financial checks (supplier resilience) and regular risk assessment shall be uploaded into the Council's e-Tendering portal.
51. The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

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Appendices: Appendix 1: Restricted Appendix (Confidential)
Appendix 2: Equality Impact Assessment

Background Papers
None