



## London Borough of Enfield

<b>Report Title</b>	Boroughwide Domestic Heating Contract Award
<b>Report to</b>	Director of Housing & Regeneration
<b>Date of Report</b>	29 February 2024
<b>Executive Director / Director</b>	Joanne Drew, Director of Housing & Regeneration
<b>Report Author</b>	Andrew Cotton: <a href="mailto:Andrew.Cotton@enfield.gov.uk">Andrew.Cotton@enfield.gov.uk</a>
<b>Ward(s) affected</b>	All
<b>Key Decision Number</b>	5620
<b>Classification</b>	Part 1 & 2 (Para 3)
<b>Reason for exemption</b>	Information relating to the financial or business affairs of any person (including the authority holding that information).

### Purpose of Report

1. To obtain approval to award the Boroughwide Domestic Heating Contract for an initial term of 3 years with the option to extend for a further 3 years (in one year increments).

### Recommendations

- I. That approval be given to award the contract for Boroughwide Domestic Heating to the Contractor listed in the Confidential Appendix.
- II. To note the budget of £12.6m which includes contract sum, staff costs and inflation.

### Background and Options

2. The previous 2020-23 Boroughwide Heating programme is due to end in March 2023. The 2023-24 Capital Programme has identified the need to continue with a heating upgrade programme to ensure the Council maintains its performance in relation to the Decent Homes Standard and delivers its energy performance objectives.
3. This new contract will deliver on a yearly basis the required number of boiler replacements the Council needs to continue to meet the required Decent Homes Standard. The properties will be identified from the Asset Database.
4. The scope of works is primarily the replacement of domestic gas boilers and central heating systems although it is anticipated that the contract may include over time replacement of electrical heating systems and modern technology such as air source heat pumps and solar panels.
5. This programme does not include works to leasehold properties. As the lease terms make clear, heating replacement to the flats is not the Council's responsibility but the Leaseholders.
6. An open tender was issued via the London Tenders Portal (LTP), in accordance with the Councils Contract Procedure Rules (CPRs) and Public Contract Regulations (PCR) 2015.

### **Preferred Option and Reasons for Preferred Option**

7. The programme is required to ensure that the Council delivers homes that meet the Decent Homes Standard. The scheme will also delivery energy performance improvements, in line with the Council's Carbon reduction strategy.
8. It was considered whether this contract should be split geographically to award two contracts in the Borough, however this was discounted to ensure the contract size was desirable to the market and the volume of work could ensure borough presence.
9. In terms of procurement options there were three main routes for consideration:
  - Use of a suitable consortia framework agreement, with appointment via direct award or mini tender
  - Unilateral tendering utilising the open process
  - Unilateral tendering utilising the restricted process
10. 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.
11. Tendering a contract allows clients to create bespoke documentation designed to fit its requirements. This approach also opens the opportunity to tender to a wider group of bidders however is more costly and time

consuming. In this instance it was required as the requirement is over the PCR threshold.

12. The options of open and restricted processes are either a two stage (restricted) or a one stage (open) process. Both the open and restricted processes are initially open to the whole market, with the restricted process having two stages where all interested bidders submit a Selection Questionnaire (SQ) and are shortlisted before being invited to tender. The open tender process was chosen as it minimises the timescales of the procurement process.
13. Tender a contract using the JCT Measured Term Contract is the preferred approach as this allows the council to flex the quantities of each services ordered according to the changes in the number of homes over the contract term.

### **Relevance to Council Plans and Strategies**

14. The contract will support the following objectives from the Council Plan:
  - **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
  - **Sustain healthy and safe communities:** improving the existing homes where people desire to live will help to create and maintain healthy and confident communities.
  - **An economy that works for everyone:** ensuring residents can fully participate in activities within their neighbourhood

### **Financial Implications**

15. The budget for this project was approved as part of the rent setting report in February 2023 these costs are included in the HRA 30year business plan.

### **Legal Implications**

16. 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.

17. The Council, as landlord, would have 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. Legal Services notes that, as stated elsewhere in this Report, it has been determined that there are no such affected “leaseholders” in this case and that a Section 20 consultation has therefore not been undertaken.
18. The aggregate value of this works opportunity is above the relevant threshold (presently £5,372,609) for the Public Contracts Regulations 2015 to apply to this procurement exercise, and as noted elsewhere in this Report the procurement has been conducted in accordance with the PCR. The contract to be entered into with the selected Contractor will need to seal by the Council on account of its high value.

### **Equalities Implications**

19. An equalities impact assessment has been undertaken and is appended to this report.
20. The works will be delivered to the social housing stock described and will benefit residents irrespective of their protected characteristics.
21. Individual requirements are addresses prior to starting on site to ensure all relevant individual circumstances are considered during the works.
22. Development of disabilities following the completion of the works and any required adaptations will be managed under the council’s existing aids and adaptations referrals process. 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.
23. Engagement with residents will be undertaken by the Contractor in accordance with their processes for resident engagement and liaison.

### **Environmental and Climate Change Implications**

24. The contract will require the minimum criteria of the councils sustainable and ethical procurement policy to be met.
25. In addition, the works will provide improved environmental performance from the resident’s homes by providing modern facilities. Current installations are required to meet bespoke requirements and current regulations, and this will typically result in improvements in environmental performance of the home.

### **Public Health Implications**

26. Good homes are a necessity for human health, the award of this contract will help secure this. It should also mitigate the risk from excess winter deaths as well as that of placing residents in a position of 'heat or eat' whereby poverty and expenditure places the resident in a situation of having to choose between the two.
27. The work will contribute towards reducing heating bills, sustaining tenancies, reducing fuel poverty, and improving the environment for the residents of the block.
28. Any measures which alleviate relative or absolute poverty within the borough, including fuel poverty, will in turn reduce the chance of developing poor health and chronic conditions, which again would contribute to embedding inequality and poverty.
29. Residents of adequately heated properties are far less likely to develop respiratory and associated conditions or suffer from acute exacerbations of those. In turn helping to reduce the number of preventable referrals to both hospital and residential social care.
30. Improving the heat efficiency of accommodation will help to prevent cold related winter illnesses and reduce the effects of the cost-of-living crisis.

### **Property Implications**

31. There are no property implications in connection with this report.

### **Safeguarding Implications**

32. The works will require Contractors to enter resident's homes and therefore the Contract Documents require Disclosure & Barring Services (DBS) and adherence with the Councils Safeguarding Policy.
33. 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 both the works delivered and the processes adopted by the Contractors. Evaluation of the Contractors offers in this area are a major component of the qualitative evaluation.

### **Procurement Implications**

34. The procurement was carried out as a Self Delivery by Housing Services using e-Tendering Portal (ref DN694326). As the procurement was not led by Procurement Services, ultimately accountability for procurement compliance lies with Housing Services.
35. Gateway 2 Procurement Strategy Report was presented and endorsed at Procurement Assurance Group on 18<sup>th</sup> October 2023.
36. Gateway 3 Contract Award Report was presented and endorsed at Procurement Assurance Group on 21<sup>st</sup> February 2024.

37. 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.
38. The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and then uploading of the executed contract must be undertaken on the London Tenders Portal including future management of the contract.
39. 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.
40. The contract award notice must be published on Find a Tender platform and promoted to Contracts Finder to comply with the Government's transparency requirements.

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**Report Author:** Andrew Cotton  
Service Director – Council Homes  
[Andrew.Cotton@enfield.gov.uk](mailto:Andrew.Cotton@enfield.gov.uk)  
0208 132 2232

**Appendices**

Part 2 Report

Appendix 1 Equalities Impact Assessment

**Background Papers**

None