



## London Borough of Enfield

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<b>Title of Report:</b>	Award of works contract for Exeter Road Ground Source Heating Rectification works Phase 2 Blocks: Honiton House, Newton House, Ashcombe House and Tiverton House
<b>Report to:</b>	Operational KD – Strategic Director of Housing & Regeneration
<b>Date of Report:</b>	6 <sup>th</sup> June 2024
<b>Executive Director / Directors:</b>	Joanne Drew, Strategic Director of Housing & Regeneration
<b>Report Author:</b>	Hannah Ashley Fraser, Service Director - Homes
<b>Ward(s) affected:</b>	Brimsdown
<b>Key Decision Number</b>	5723
<b>Implementation date, if not called in</b>	
<b>Classification:</b>	Part I and Part II

## **Purpose of Report**

1. To obtain approval to award the rectification of the Ground Source Heat Pumps (GSHP) Phase 2 contract at Exeter Road (Honiton House, Ashcombe House, Tiverton House and Newton House).
2. To approve a one-year maintenance contract for these works.

## **Recommendations**

- I. That approval be given to award one contract for the rectification of the Ground Source Heat Pumps (GSHP) Phase 2 contract at Exeter Road, to the bidder as set out in the confidential appendix.
- II. To enter a one-year maintenance contract with the Contractor for the GSHP.
- III. To note the budget of £1.53M which includes contract sum, contingency, consultancy, and staff costs.

## **Background and Options**

3. The GSHP system was installed to 187 flats in the following blocks at Exeter Road - Honiton House, Ashcombe House, Newton House, and Tiverton House in 2016 by ICE Energy who went into liquidation during the defects period.
4. Since this installation numerous defects have occurred and as a temporary measure rectification works has been carried out by the day-to-day contractors as there is no specialist maintenance contract in place.
5. The GSHP system installed at Exeter Road relies on 16 pumps to circulate the glycol medium from the array to each individual shoe box 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 residents and increasing the amount of compensation payments made by the Council to the residents.
6. The scope of works is to replace the riser pipework in all blocks and replace the heat pumps in all flats with all associated works. It is also recommended a one-year maintenance contract is added to this contract until such a contract is formally in place with the Council.
7. The programme will prioritise the risers within the plant rooms of each block and follow on into individual properties affected supporting the most vulnerable on a priority basis.
8. The program is estimated to commence in July 2024 for approximately 20 weeks to ensure all that homes have sufficient heating in time for the autumn/winter months.

## Preferred Option and Reason for Preferred Option

9. 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. 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. Unilateral tendering utilising the restricted process allows clients to create bespoke documentation designed to fit its requirements and invite specialist to the field. This approach was chosen, and specialist contractors were invited in line with the Councils Procedure Rules.

## Relevance to Council Plans and Strategies

12. 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

13. The budget for these contracts was approved as part of the rent setting report in February 2024, these costs are included in the HRA 30year business plan.

## Legal Implications

14. 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.

15. The contract has been classified as predominantly a works contract, the value of which is below the relevant threshold for the Public Contracts Regulations 2015 to apply to this procurement exercise, but as noted elsewhere in this Report the procurement has been conducted in accordance with the Council's own procurement rules (Contract Procedure Rules, 'CPRs').
16. 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.
17. 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.

### **Equalities Implications**

18. An equalities impact assessment has been undertaken and is appended to this report.
19. The works will be delivered to the social housing stock described and will benefit residents irrespective of their protected characteristics.
20. Individual requirements are addresses prior to starting on site to ensure all relevant individual circumstances are considered during the works.
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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. 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.
25. 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.
26. 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.
27. The contract will require the minimum criteria of the councils sustainable and ethical procurement policy to be met.
28. In all procurement the contractors are encouraged to explore Enhance and Preferred standards, beyond Minimum requirements for these contracts to help reduce the Council's carbon footprint

## **Public Health Implications**

29. 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.
30. The work will contribute towards reducing heating bills, sustaining tenancies, reducing fuel poverty, and improving the environment for the residents of the block.
31. 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.
32. 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.

33. 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**

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

### **Safeguarding Implications**

35. 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.

36. 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**

37. The procurement was carried out as a Self-Delivery by Housing Services using e-Tendering Portal (ref DN714239). As the procurement was not led by Procurement Services, ultimately accountability for procurement compliance lies with Housing Services.

38. Gateway 2 Procurement Strategy Report was presented at Procurement Assurance Group on 18<sup>th</sup> October 2023.

39. 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.

40. The service must ensure that authority to procure has obtained and must be uploaded onto the London tenders Portal.

41. 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

42. 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.

43. The contract award notice must be promoted to Contracts Finder to comply with the Government's transparency requirements.

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**Appendices**

*Confidential appendix*

*Equalities Impact Assessment*