

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

OPERATIONAL DECISION OF:

Executive Director
Place

Agenda – Part: 1

KD Num: 5036

Subject: Installation of shared ground loop ground source heat pump system and provision of additional dwellings.

Ward: Southgate.

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1. EXECUTIVE SUMMARY

- 1.1 This project was identified as part of the Better Council Homes Workplan and Budgets 2019/20 (KD 4830) which was approved by Cabinet on 13 February 2019.
- 1.2 The project is included in the 30-year HRA Business Plan, which was detailed in Housing Revenue Account (HRA) Business Plan Budget 2019/20, Rent Setting and Service Charges report (KD 4741) and was approved by Cabinet on 13 February 2019 and Council on 27 February 2019.
- 1.3 Enfield has commissioned an options appraisal to assess the performance of the communal boiler in Pruden Close and replacement options available. This assessment considered how best to maximise the efficiency of the replacement system with the aim of addressing fuel poverty, carbon emissions and improved air quality.
- 1.4 Following the options appraisal exercise a decision to replace existing district oil boiler with ground source heat pumps (GSHP) was taken.
- 1.5 This report recommends the appointment of a specialist GSHP installation company, Kensa Heat Pumps Ltd. via direct call off, utilising the Northumberland

2. RECOMMENDATION

That approval is given to award the GSHP installation contract to Kensa Heat Pumps Ltd.

3. BACKGROUND

- 3.1 Pruden Close comprises 43 flats. The existing type of boiler is district oil boiler, which failed beyond repair approximately five years ago. Since this time the heating and hot water provision to the dwellings has been provided via a hired temporary boiler.
- 3.2 Enfield has commissioned an options appraisal to assess the performance of the communal boiler in Pruden Close and replacement options available. This assessment considered how best to maximise the efficiency of the replacement system with the aim of addressing fuel poverty, carbon emissions and improved air quality.
- 3.3 Following the options appraisal exercise a decision to replace existing district oil boiler with ground source heat pumps (GSHP) was taken.
- 3.4 The installation of ground source heat pumps is a specialist function which is undertaken by a relatively small number of organisations. Enfield has recently successfully delivered a similar project in partnership with Kensa Heat Pumps Ltd. and engaged Kensa via the Northumberland County Council Framework Agreement (Lot 2 Design and Installation of GSHP) to provide a quotation for this scheme.
- 3.5 Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).
- 3.6 Due diligence and approval of the Procurement Hub Framework Agreement has been undertaken by the Procurement & Commissioning Hub prior to any procurement
- 3.7 As the contract is over £250k the service must ensure that sufficient security has been considered.
- 3.8 Any call-off from a Framework, including a direct award, must be carried out in line with the relevant framework process and all documentation retained in the E-Tendering Portal.
- 3.9 The service must ensure that authority to procure has been obtained and must be uploaded onto the London Tenders Portal.
- 3.10 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.
- 3.11 The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

4. ALTERNATIVES OPTIONS CONSIDERED.

The options appraisal considered all viable installation types such as like for like replacement, installation of individual boilers to dwellings, installation of electric heating and hot water systems etc. and determined that a GSHP system was most suitable for the reasons described earlier in this report and below.

5. REASONS FOR RECOMMENDATIONS

- 5.1 This project forms part of planned programme for the modernisation of district boilers within the borough.
- 5.2 The scheme is part of Major Works Capital Programme 2019/20 for which budgetary provision has been made.
- 5.3 In line with the Council's declaration of climate emergency and commitment to make Enfield Council carbon neutral by 2030 – or earlier if possible.
- 5.4 The recommended Contractor can be appointed quickly via a recognised framework agreement and we have carried out due diligence on the framework.
- 5.5 To demonstrate that this proposed award is value for money. We compared with similar projects that was carried out for Enfield Council in the past. The approximate cost of installing the Kensa GSHP, the new hot water cylinder and the new wet central heating system per flat (as well as removing the existing system from each flat) are comparable.
We also appointed a Quantity Surveyor to ensure that Enfield Council there is competitive pricing throughout the project.

6. COMMENTS FROM OTHER DEPARTMENTS.

6.1 Financial Implications

See part 2

The boiler replacement scheme is included in Major Works Capital Programme for 2019-20. These costs will be funded from HRA resources and are included in the HRA 30-year Business Plan.

6.2 Legal Implications

- 6.2.1 The Council has power under section 1(1) of the 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 in this way.
- 6.2.2 Under Section 111 of the 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
- 6.2.3 Framework Agreements are an approved form of procurement under the Public Contracts Regulations 2015. Officers have carried out due diligence on the Northumberland County Council Framework Agreement and confirmed that the Council is eligible to use it. Additionally, they have confirmed that a direct award is permissible under the Framework Agreement
- 6.2.4 The award of contract is a Key Decision (as it involves expenditure of over £250,000) and, as such, compliance with the Council's Key Decision process is required

6.2.5 Throughout the contract, the Council must ensure value for money in accordance with Best Value Principles under the Local Government Act.1999

6.3 **Property Implications**

No corporate property implications.

7. **KEY RISKS**

Financial loss and reputational risk to the Council.
Inconvenience to residents. Delay to works commencing will and is likely to see an increase in the frequency of inefficiencies with the current boiler operation leading to increased costs to the Council and inconvenience to residents.

8 **IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

8.1 Good homes in well-connected neighbourhoods

The installation of new lifts will improve the service to residents living in these 196 Council owned homes.

8.2 Sustain strong and healthy communities

The outcome of these major works will contribute to people's well-being in knowing their properties have improved up to date standards of lift provision.

8.3 Build our local economy to create a thriving place

Improving property standards ensures better quality accommodation which in turn contributes to a more desirable place to live and work.

9. **EQUALITIES IMPACT IMPLICATIONS**

9.1 Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to award contracts for major works.

9.2 However it should be noted that the any contracts awarded will include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

10. **PERFORMANCE AND DATE IMPLICATIONS**

10.1 The works will provide an improved heating service to residents of Pruden Close. Ensure more efficient use of assets within the HRA.

10.2 Neighbourhood Services have been informed of the proposed works. Liaison with residents effected by the works will be undertaken by a Resident Liaison Officer from the Major Works team and the relevant patch Neighbourhood Officer.

10.3 Leaseholder Services Team have been advised of the proposed works and initial s.20 consultation undertaken with leaseholders

11. HEALTH AND SAFETY IMPLICATIONS

The proposed works are in line with recommendations from Health and Safety colleagues.

12. HR IMPLICATIONS

None.

13. PUBLIC HEALTH IMPLICATIONS

Fuel poverty negatively affects dietary opportunities and choices. Cold housing negatively affects dexterity and increases the risk of accidents and injuries in the home. Cold housing and fuel poverty not only have direct and immediate impacts on health, but also indirect impacts and a wider effect on well-being and life opportunities. The provision of a reliable boiler will provide warm home for residents, prevent exposure to harmful agents that have profound effects on health, for example mould. Reliable boiler service will help improve living conditions of people with mental health conditions such as depression and dementia, and people who are at increased risk of heart attack, stroke, flu, pneumonia, falls and injuries and hypothermia when temperature drops below 8C. It is further noted that climate change has been described as the greatest threat to Public Health in the 21st century

Background Papers

None

