


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">14 JANUARY 2019</p>	
<p style="text-align: center;">BUSINESS CASE & PROCUREMENT STRATEGY IN RELATION TO URGENT REPAIR OF DISTRICT AND COMMUNAL HEATING SYSTEMS</p>	
<p>Report of the Cabinet Member for Housing: Councillor Lisa Homan</p>	
<p>Open report A separate report on the exempt part of the Cabinet agenda provides information about the financial standing of potential suppliers.</p>	
<p>Classification: For decision Key Decision: Yes</p>	
<p>Consultation: Legal, Finance and Procurement</p>	
<p>Wards Affected: Fulham Broadway, Fulham Reach, Hammersmith Broadway, Palace Riverside, Wormholt & White City</p>	
<p>Accountable Director: Jo Rowlands Strategic Director of Growth and Place</p>	
<p>Report Author: Charles Kinney: Head of Mechanical and Electrical</p>	<p>Contact Details: Tel: 020 753 4438 Charles.kinney@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. Hammersmith and Fulham Council has 44 communal / district heating plantrooms within its housing stock serving 1888 properties. The systems have several advantages including containing safety and maintenance at a single point, energy efficiency and lowering carbon emissions. However, as identified in the Asset Strategy the plant is aging and a programme of replacement will be needed over the next 3 to 5 years.
- 1.2. In the immediate term, seven systems have been identified as having critical issues and need upgrading to avoid future problems. The district heating distribution system at Seagrave Road Estate, and the schemes which are served by the communal heating plant rooms at Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street and St Albans Terrace & Chelmsford Close and Walham Green contain 84 vulnerable individuals and require urgent works to avoid system breakdowns. The total estimated value of the works is £2.084 million inclusive of contingencies.

- 1.3. The proposal is to utilise the established Dynamic Purchasing System (DPS) operated by Procurement for Housing called “[Capital Works and Associated Services DPS]” to appoint a specialist district heating contractor.
- 1.4. A report on future system replacements will be presented to Cabinet for review in mid-2019 as part of a wider on-going review of the condition of housing and associated assets.

2. RECOMMENDATIONS

- 2.1. That in accordance with the Council’s Contracts Standing Orders the Cabinet approves the Business Case & Procurement Strategy for District and Communal Heating Systems as set out in Appendix 1 attached.
- 2.2. That delegated authority be given to the Strategic Director of Growth and Place in consultation with the Cabinet Member for Housing to award the contract.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To comply with the requirements contained in Contract Standing Orders. The proposal is to utilise the Procurement for Housing DPS to carry out the appointment of a specialist contractor for the works.
- 3.2. The proposed strategy will enable the Council to complete urgent works to various District Heating Schemes and plant rooms.

4. PROPOSAL AND ISSUES

- 4.1. The district heating systems at Seagrave Road Estate, Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green Court require urgent works. There is high risk that the residents of these estates are at risk of losing their heating and hot water systems. Given this scenario the Council would then be required to provide emergency alternative heating and hot water systems which would incur substantial additional costs.

4.2. Seagrave Road Estate

The distribution system at Seagrave Road Estate has reached the end of its useful life (over 35 years old) with numerous leaks across the estate. This is already resulting in poor heating and hot water provision for residents as well as the risk of structural damage to the buildings due to the dampness created by the leaks. Technical inspections have identified that the system is in danger of complete failure and requires urgent renewal. There was a system failure in 2015 with heating and hot water down for one week. The condition of the system has deteriorated further since.

- 4.3. In Autumn 2017 a valve pit failed, flooded a public area, and resulted in emergency repairs being required. Emergency temporary heating appliances had to be provided for 3 weeks to residents. This included a substantial number of vulnerable elderly residents in the Viking Court Sheltered Scheme.

- 4.4. There are technical concerns that if the plant and distribution system fail and cannot be re-pressurised it could lead to the possibility of having to rehouse up to 80 residents.
- 4.5. To address the issues, a new replacement distribution system is required. This will be run underground, alongside the existing pipework to minimise resident disruption.
- 4.6. Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace Chelmsford Close and Walham Green Court

The boiler plant at these six sites is at the end of its useful life and suffering from frequent breakdowns and loss of service for residents. The renewal of the plant has been delayed for a few years at each site. However, the plant now requires urgent renewal to safeguard the service to residents in the future.

- 4.7. Proposed solution: The proposal is to renew the distribution system at Seagrave Road Estate and to carry out the required works in the plant rooms at the other sites.
- 4.8. Different procurement routes have been explored as set out at Appendix 1. The preferred route is to utilise the established Procurement for Housing “[Capital Works and Associated Services DPS) which satisfies the requirements of section 20 of the Landlord and Tenant Act 1985 as it allows residents to nominate their own contractor. The contractor will then be able to make an application to join the DPS, although the contractor’s admittance is not guaranteed.
- 4.9. If this proposal is approved the intention is to run a mini competition amongst approved contractors on the DPS.
- 4.10. The internal distribution systems and domestic heating are also nearing the end of their life span. Although not immediately critical they could be added to future investment programmes.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The Property Services Gas Team (PSGT) has undertaken a service review in accordance with Contract Standing Orders. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options. The unsuitability of the previous efforts to procure the works together with the high risk of system failures mean the open tender process is not feasible due to the urgency of the works.

6. CONSULTATION

- 6.1. Details of consultation undertaken by the PSGT is shown in Appendix 1.

7. EQUALITY IMPLICATIONS

- 7.1. The works will result in a level of disruption for residents however the contractor will aim to keep this to a minimum. The consultation process will identify vulnerable residents and the contractor's liaison officer will work with housing officers to ensure that operatives are mindful of resident needs. Generally, the impact of the proposed works is expected to be positive with homes provided with a reliable heating and hot water service. It is felt that a full Equality Impact Assessment is not required considering the special arrangements that will be put in place.
- 7.2. Implications verified/completed by Peter Smith Head of Policy and Strategy tel.0208752 2206.

8. LEGAL IMPLICATIONS

- 8.1. A Dynamic Purchasing System (DPS) is an electronic purchasing system used to purchase goods, works or services. Contractors can apply to join the DPS at any time.
- 8.2. The DPS dictates the process for conducting a mini-competition with which the officer responsible for this project will need to comply.
- 8.3. *Implications completed by: Hector Denfield, associate with Sharpe Pritchard LLP on secondment to the Council; hdenfield@sharpepritchard.co.uk*

9. FINANCIAL IMPLICATIONS

- 9.1 The Contracts awarded via this strategy will be funded by the HRA Capital Programme.
- 9.2 The Capital Programme does not include any specific provision for these heating works. Included in the Capital Programme Monitor & Budget Variations 2018/19 (First Quarter) forecast is £43.5m of unallocated budget to be made available to various schemes within the HRA capital programme for the financial years 2018/19 to 2021/22 as and when they are identified. This unallocated balance as at the end of September forecast was £36.3m. The estimated £2.08m needed for the heating works will be allocated out of this unallocated balance. In doing so this reduces the balance available for future schemes. The value of the works will be confirmed following the mini-competition exercise.
- 9.3 Some of the estimated £2.08m that is attributable to works on Leaseholder properties will be recoverable from the Leaseholders. The estimated amount collectable will be calculated when the Cabinet Member Reports recommending the approval of each contract is drafted.
- 9.4 Each scheme will be monitored and reported on via the Decent Neighbourhoods monthly budget and the quarterly Capital monitoring Cabinet Report. It is recommended that project managers maintain project cash flows that are shared with Finance Officers to ensure strong budgetary control.

9.6 Financial Context

The plans set out in this report are not expected to adversely impact on the current projected level of HRA cashable reserves which before any appropriation or transfer to the reserve for the 2018/19 financial year outturn, is forecast to be £40.1m. The plans in this report are also not expected to adversely impact on the level of debt in the HRA as measured by the HRA Capital Finance Requirement (CFR), as the Capital Programme Monitor & Budget Variations, 2018/19 (First Quarter) report that went to Cabinet on 8th October 2018 sets out that the CFR is forecast to be within prudential borrowing limits.

9.7 Implications completed by: Sudhir Kafle, Housing Investment Accountant, Contact tel. 020 8753 4391.

9.8 Implications verified by: Emily Hill, Assistant Director Corporate Finance, tel. 020 8753 3145.

10 BUSINESS IMPLICATIONS

10.1 Delivery of communal and district heating systems require specialist Contractors who will be encouraged to utilise local supply chains for trades such as labouring, landscaping carpentry etc where possible.

10.2 The Commissioning Manager will work with the Economic Development Team to ensure that economic and social value criteria is delivered and to create employment and skills prospects for residents and supply opportunities for local businesses.

10.3 Implications verified/completed by: Albena Karameros Programme Manager, tel.020 79388 583

11 COMMERCIAL IMPLICATIONS

11.1 The procurement strategy proposed is in line with the Council's Contracts Standing Orders (CSOs) and Public Contracts Regulations (PCR) 2015. The Procurement for Housing DPS has been procured at OJEU level. This is in full compliance with the regulations will be assured even if the value goes over the statutory threshold.

11.2 A mini competition will be conducted from the DPS. A detailed awarding criterion is presented in the Strategy Proposal in the Appendix. It is recommended to run the mini competition through the Council's e -tendering system, capital Esourcing, if allowed by the DPS T&Cs.

11.3 Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

12 SOCIAL VALUE CONSIDERATIONS

12.1 Social Value delivery opportunities have been identified. Tenderers will be required to submit their proposals for delivering Social Value in Hammersmith & Fulham and these will account for 5% of the quality awarding criteria.

12.2 Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.

13 IT IMPLICATIONS

13.1 ICT Implications: There are no ICT implications identified by the SRT .

IM Implications: Contractors will be expected to have a GDPR policy in place and for all staff to have received GDPR training.

13.2 If the contractor will be processing sensitive personal data on behalf of H&F a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this project are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure the systems used by the new contractor complies with H&F's regulatory requirements.

13.3 All personal data supplied to all contractors will be password protected and handled in line with the data protection policy

13.4 Contractors will be expected to comply with all LBHF requirements.

13.5 Implications verified/completed by: Karen Barry Strategic Relationship Manager, tel. 0208753 3481.

14 RISK MANAGEMENT IMPLICATIONS

14.1 Works are required to ensure mitigation of continuity of service risk to our residents of a critical system in accordance with Corporate Risk and Statutory Duties. The impact of the proposed works is expected to be positive with homes provided with a reliable heating and hot water service.

14.2 Proportionate and targeted action is being taken to reduce risks to an acceptable level. It is essential that in managing these risks the Council is:

- achieving council priorities to put residents first;
- ensuring robust financial management through procurement of a reliable and proven contractor and Being Ruthlessly Financially Efficient;
- protecting residents;
- protecting valuable assets; and,
- maintaining and promoting the council's reputation.

14.3 The appointed contractor will undertake the Principal Contractor role for the project in accordance with the requirements of the CDM 2015 Regulations.

14.4 The Contractor will prepare and maintain a construction phase plan for all the works. The CPP will comply and preferably exceed the requirements set out in:

- The Management of Health & Safety at Work Regulations 1999
- Construction (Design and Management) Regulations 2015 and associated L153 Guidance Document
- Provision and use of Work Equipment Regulations 1998
- Health & Safety (Young Persons) Regulations 1997
- The Control of Asbestos at Works Regulations 2012

Health & Safety Planning

14.5 Contractors will be expected to provide risk assessments and method statements before a project commences. Contractors are asked to submit details of their own code of conduct and this is checked to ensure it complies with our requirements. Copies of the Risk Assessment and Method Statement will be held on site.

The required information will be provided to the Principal Designer to allow them to issue the Preconstruction Information Plan (PCIP) and submit a notification to the HSE.

Once the contractor has received receipt of the PCIP, they we will continue to develop the Construction Phase Plan (CPP) taking into account the details provided in the PCIP. The contractor will ensure that we deliver the CPP in a timely manner to LBHF and Principal Designer for approval in advance of work commencing on site.

The CPP will be maintained through the contract and updated to allow for any changes to design, H&S procedures, legislation, LBHF requirements and new risks that may arise in delivery.

Health & Safety Management

14.6 Once projects are live, Health and Safety is the number one priority and the first agenda item at monthly progress meetings. Risks are constantly monitored with an on-going action plan as per the live Risk Register.

H&S performance is monitored via KPIs and reports focusing on near misses, minor incidents, employee absence from work due to incident and RIDDOR.

The Construction Phase Plan is used as a management tool to ensure that at each project stage there will be a safe start. This includes a comprehensive site induction to all Contractors including checking of permits and asbestos awareness training.

The Health & Safety file/O&M manual will be developed throughout the delivery of the projects to ensure that those involved in future maintenance work can benefit. The file will be agreed with the Principal Designer and made available to LBHF in both electronic and hard copy. The file will provide detail of any residual hazards, project information, drawings,

certificates, guarantees, approvals, details of the project team.

The contractor will also ensure that if the plant room has any dangers they will be clearly identified through signage and all operatives returning to site review the Health and Safety file prior to return, taking necessary precautions in line with site specific RAMS

14.7 Implications verified by Michael Sloniowski, Risk Manager 020 8753 2587.

15 OTHER IMPLICATIONS

15.1 Details of any specific implications relating to property, business intelligence, health and wellbeing, Section 106 and PREVENT are set out in Appendix 1.

16 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
	None.		

LIST OF APPENDICES

Appendix 1 – Business Case & Procurement Strategy

**REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR URGENT REPAIR OF DISTRICT HEATING SYSTEMS**

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- a. The district heating systems at Seagrave Road Estate, Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green all require urgent works. Without these works being carried out, the Council would not be compliant with current regulations in terms of legionella and safety systems, and there is high risk that the residents of these estates may lose their heating and hot water systems in the future. The Council may then be required to provide emergency alternative heating and hot water systems and possible de-canting which would incur substantial additional costs.
- b. A district heating system consists of a central boiler plant room, distribution network and heat transfer system. The plant room heats the core hot water that is then pumped through the distribution network throughout the building. At each flat there is a system for transferring heat from the core system into each domestic system.

Seagrave

- c. The distribution network at Seagrave Road Estate is largely underground. It is over 35 years old and has reached the end of its life with numerous leaks across the estate. This means it is struggling to supply enough heat to the flats on the estate resulting in poor heating and hot water provision for residents. In addition, there is the risk of structural damage to the buildings due to the dampness created by the leaks. Technical inspections have identified that the system is in danger of complete failure and requires urgent renewal.
- d. To address the issues, a new replacement distribution system is required. This will run underground, alongside the existing pipework to minimise resident disruption. By carrying out the works in the spring it is hoped that there will be minimal impact on residents during the heating period.

Malabar Court, Farm Lane, Wheatsheaf Lane, Banim Street, St Albans Terrace & Chelmsford Close and Walham Green

- e. The boiler plant at these six sites is at end of its useful life and suffering from frequent breakdowns and loss of service for residents. The renewal of the plant has been delayed for several years at each

site. However, the plant now requires for it to be renewed to ensure a continuing service to residents. Further delaying the works is no longer feasible as the sites must comply with current regulations.

- f. The proposal is to firstly renew the distribution system at Seagrave Road Estate and to carry out the required works in the plant rooms at the other sites. These would be carried out concurrently to ensure that residents continue to receive heating and hot water. The order of programme will be based on plant room and resident priorities;

2. **FINANCIAL INFORMATION**

The estimated cost of these works is approximately £2.084million. The breakdown of costs between the schemes is as follows:

Scheme	Cost £000
Wheatsheaf	197
Malabar	151
Farm Lane	210
St Albans Terrace & Chelmsford	143
Banin	149
Seagrave	634
Walham Green	600
Total	2,084

3. **OPTIONS APPRAISAL AND RISK ASSESSMENT**

- a. Do nothing. Plant rooms will likely fail leading to costly emergency repairs, expensive temporary heating or requirement to re-house some of the most vulnerable residents – 84 residents including a supported needs block at Seagrave Road.
- b. The proposal is based on retaining the existing heating and hot water design at each site. The alternative options would be to move to individual heating systems for each flat or to use an alternative central heat generation technology.
- c. Due to the construction type, the individual system option would involve electric storage heating and hot water systems installed in each property. This would require an electrical wiring upgrade of each block and flat and involve substantial disruption for residents. As electricity is more expensive than gas, this solution would also increase the heating and hot water bills for residents. This approach would therefore run counter to the Council's strategies with respect to both Climate Change and Fuel Poverty.
- d. At Seagrave, the proposal is to leave the existing plant room as is and upgrade the distribution network only. For the other sites the proposal is to renew the central plant room. In carrying out these renewals the

potential to incorporate low-carbon technologies has been considered. Small scale micro-CHP can be used in some plant rooms to generate useful electricity alongside heat. While micro-CHP increases maintenance costs, these can be more than offset by the saving in use of grid-supplied electricity. For the plant rooms in this scope, the internal layout and heat demand makes it difficult to use micro-CHP effectively. Rather this technology will be used in the upgrade of the larger plant rooms due in the coming years.

- e. A second option considered was the use of ground-source heat pumps. This works alongside the gas boilers and extracts heat from underground by pumping a liquid around a buried closed-loop. Unfortunately, there are severe limitations with the technology in built up areas due to the multiple underground services. To investigate properly would require substantial study and this is not possible in the time available. Instead the intention is that this option be considered alongside the immediate works and if a suitable grant can be secured then this would be investigated for later installation in the plant rooms.
- f. The proposed procurement is fully OJEU compliant, adoptable through running a min competition amongst qualifying contractors.
- g. The PfH Dynamic Purchasing System will demonstrate best value for money based on price, capability, and the ability to meet the required timescales.
- h. The new systems will be more efficient than existing leading to reduced running costs and lower bills for residents.

4. THE MARKET

- a. The renewal of district heating systems is a specialist technical area. Maintenance of the individual elements is relatively simple; however, the upgrade of core components requires technical understanding of how each element relates to the other. Fellow London Councils are all moving away from general framework contractors, M&E and works contractors to the use of specialist companies for all their district/communal heating related works.

As set out below, a number of procurement routes have been explored in reaching the current proposal.

5 Procurement Strategy

CONTRACT PACKAGE, LENGTH, AND SPECIFICATION

- a. The total contract value is estimated at £2.084 million. The proposal is to combine the renewal of the distribution network at Seagrave with the plant room upgrades at the other sites. This is a manageable package of works and offers the optimum use of the available resources.

- b. A procurement exercise was approved and run in 2015. The exercise did not convert into contract and the prices are no longer valid. The Mitie maintenance contract awarded in 2013 was explored and prices were obtained. Legal advice was this option did not meet financial and procurement regulations.
- c. Given these issues the preferred option is to utilise the new Procurement for Housing (PfH) Dynamic Purchasing System to carry out the works.
- d. The DPS utilises a two-stage process. Stage 1 is contractor pre-qualification this includes mandatory and discretionary exclusion, insurance, health and safety, accreditations etc
- e. Requirements are set for example gas safe for heating works and contractors must meet these minimum requirements in order to be admitted to the DPS. Once a DPS is received from a new contractor to join the DPS, PFH have a maximum of 10 days to evaluate and provide feedback so the process is very quick.
- f. Stage 2 of the process involves issuing tender documents to the contractors on the DPS. This process is completely configurable to meet our requirements from minimum insurance levels through to the form of contract. The procurement process is completed in a significantly reduced timeframe when compared to a restricted tender exercise
- g. Once bids are in and evaluated the final stages of the Section 20 process can be completed and leaseholders notified of the chosen supplier and the values involved before financing contracts and issuing a contract award notice.
- h. Procurement for Housing is operated by Inprova based in Warrington. It is free for members to use and has established a specialist DPS for Communal and District Heating. LBHF are members of Procurement for Housing (membership number: M201310320)
- i. A detailed survey of the sites has been carried out and a plan formulated to minimise disturbance for residents and achieve the best value for money. There is a need for urgency in delivering the works given the issues at the various sites and at Seagrave Road in particular.

6 SOCIAL VALUE, LOCAL ECONOMIC BENEFITS

- a. The proposal will see local companies involved in the supply of materials for the works. As these are specialist, short-time frame works, there are limited opportunities for any direct local employment training.
- b. Local suppliers and merchants will be utilised where possible.

- c. New more efficient systems will reduce running costs which could potentially reduce bills, fuel poverty, and reduce CO2 emissions

7 OTHER STRATEGIC POLICY OBJECTIVES

- a. The Housing Capital Programme seeks to meet the corporate strategic objectives of improving the quality of the Borough's Housing stock. The heating renewal works will provide safe and reliable heating systems, for residents.
- b. The energy efficient new equipment used in the works will contribute to the council's aim to create a cleaner, greener Borough.

8 STAKEHOLDER CONSULTATIONS

- a. Residents have been written to advising them of the proposed works and leaseholders will be served with Section 20 Notices. Temporary arrangements will be made to maintain heating and hot water services to properties during the works. In addition, it is proposed to hold a resident consultation meeting for each site when the full extent of the works will be discussed and residents given the opportunity to ask relevant questions about the proposed works.
- b. Some leaseholders and freeholders have chosen to be disconnected from the district heating systems in Seagrave Road and have installed their own individual systems. Those disconnected from the system are excluded from any subsequent charges for improvement or maintenance. The cost to leaseholders is calculated in line with the terms of the lease as a set percentage of the total cost of the works. The Council carries the cost of any disconnected properties.
- c. Growth and Place's commitment to consult will ensure that tenants are formally notified of works at the same time as leaseholders are sent Notice of Estimates. A public meeting will be arranged for residents prior to start on site, where the contractor will be introduced, and details of the work will be explained and residents will have the opportunity to ask questions. Ward Councillors and officers from Growth and Place including leasehold services will be invited to this meeting.
- d. There is a statutory obligation to consult with Leaseholders in accordance with the requirements of section 20 and 20ZA of the Landlord and Tenant Act 1985 ("LTA 1985") and Schedule 4 Part 2 of the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the Regulations"). Schedule 4 consultation is a two-stage process and requires the service of a Notice of Intention and then a Notice of Proposal. These two stages straddle the tendering process and leaseholders can nominate the name of an alternative contractor they would like the Council to approach for tender during the first phase.

- e. There will be six separate packages of work. Four of the packages will see two stages of consultation but Seagrave Estate, will only see one as the first phase was undertaken in 2014.
- f. Orders will not be placed for the work until the consultation is satisfactorily concluded.
- g. The Council offers leaseholders a range of payment options to assist with the payment of the estimated invoices. These include a discount of 2.5% for early settlement of bills and a variety of interest free options dependent on the size of the invoice. Leaseholders who live at their property or do not own more than one additional property within the borough qualify for extended interest-free repayment plans of up to 4 years (subject to final charge). Where required, the plans can be extended out for by a further 6 years although this period is interest-bearing at 0.25% above the Council's variable rate of borrowing. All options are explained in the 'Paying for Major Work' leaflet which is available for leaseholders on the Council's web site as well as from Leasehold Services. Leaseholders will also be advised that they may find comparable products within the high street marketplace at banks and building societies.
- h. There are no properties which have right to buy applications pending.
- i. Officers from Property Services estimate that individual recharges, inclusive of fees, will range from 1.05% to 4.38%. The rechargeable element of the agreed Task Price will be verified by officers from leasehold services before S20 notices are issued.

9 PACKAGING OF THE CONTRACTS AND PROCUREMENT PROCEDURE

The contract will be grouped into 7 separate packages of work which will be prioritised to ensure that the most urgent works are tackled first to minimise possible inconvenience to residents.

10 CONTRACT AWARD CRITERIA

10.1 The contract will be financially evaluated by running a mini competition amongst approved contractors within the Procurement for Housing DPS Agreement which is OJEU compliant. The prices obtained through the mini competition will be evaluated alongside quality aspects and methodology for carrying out the work.

10.2 It is proposed to use a 60/40 quality/price split with 7 quality focussed questions:

- Relevant experience, qualifications backed up with 2-3 case studies and references
15%
- Detailed Method Statement per site
30%

- Resident Engagement, safeguarding vulnerable residents 30%
- Social Value, sustainability and environmental issues 5%
- Health and Safety Plan and management 10%
- DLP, defects period, warranties etc 5%
- Sub-Contractor on boarding and management 5%

11 PROJECT MANAGEMENT AND GOVERNANCE

11.1 The SRT has been led by the Head of Mechanical and Electrical, Growth and Place reporting to the Head of Property Services. The team includes heating engineers, and representatives from housing's asset management and leasehold services teams.

Projected Programme Milestones

1. Seagrave – April 2019 – 20 weeks
2. Banim Street – April 2019 – 4 weeks
3. St Albans & Chelmsford – May 2019 – 5 weeks
4. Malabar – May 2019 – 4 weeks
5. Farm Close – May 2019 – 5 weeks
6. Wheatsheaf – May 2019 – 5 weeks
7. Walham Green – 12 weeks plus 4 weeks lead in and design time.

12 CONTRACT MANAGEMENT

12.1 The contracts will be managed by LBHF's Senior Heating Engineer and Quality Assurance Engineer along with the appointed contractor's Project Manager. They will monitor progression and quality of work through bi-weekly and monthly site meetings, these meeting will be logged along with the Senior Engineer's weekly site inspections. Internal progress meetings will be scheduled to allow formal reporting to the Head of Mechanical and Electrical Service, Growth and Place.

12.2 The Senior Technical Heating Engineer will raise all project contract documentation for change control i.e. Variation Orders/Engineers Instructions etc.

12.3 The Senior Heating Engineer will complete periodic valuations and authorise payment certificates in accordance with the contract.

- 12.4 There will be pre-handover inspection surveys to ensure that work has been carried out to specification, and to a satisfactory standard of workmanship, prior to the renewal being accepted from the contractor.
- 12.5 On completion of the project (or project phases), the heating engineer will raise Sectional Practical Completion Certificates and Final Certificate of Practical Completion.
- 12.6 An end of the Defect Liability Inspections survey will ascertain whether the work has been maintained correctly during the 12-month defect period and that there are no outstanding items that need to be addressed by the contractor.