

London Borough of Hammersmith & Fulham

Report to: Tony Clements, Strategic Director for the Economy

Date: DD/06/2021

Subject: CONTRACT AWARD REPORT: Renewal of Electrical Rising and Lateral Mains to Multiple Blocks: 1-25 Abbey Court, 1-30 Clifford House, and 1-68 Linacre Court

Report of: Richard Buckley, Assistant Director of Property and Compliance, The Economy.

Report author: John Newton, Client and Commissioning Officer, The Economy

SUMMARY

Officers have implemented the decision of the Strategic Director of Economy to approve the procurement strategy (PS) to renew the lateral mains serving 1-25 Abbey Court within the Emlyn Gardens Estate, 1-30 Clifford House within the Lytton Estate, and 1-68 Linacre Court (the Works).

Approval is now sought to appoint the contractor that submitted the most economically advantageous tender to deliver the project. It is anticipated that the contract will be for a period of one year, with a possible option to extend by one year.

RECOMMENDATIONS

1. To note that Exempt Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the award of a contract to renew the lateral mains at Multiple Blocks, 1-25 Abbey Court, 1-30 Clifford House, and 1-68 Linacre Court, to W.G Wigginton Limited, commencing 28th July 2021 (or as soon as possible thereafter), up to a value of £406,654, for a period of one year, with a possible option to extend by one year.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building Shared Prosperity	The successful contractor was top ranked for its social value offer. This totalled £479,670.94 in value – greater than 100% of the contract value. Its commitments include the creation of three full time employment opportunities for local residents and to locally source of materials for the project, generating additional and substantial local spend.
Creating a compassionate council	This pilot programme has been designed to protect the long-term health and safety and welfare of our residents. The successful contractor will target the needs of vulnerable residents in its planning and implementation of the Works.
Doing things with residents, not to them	The successful contractor in its method statement submissions demonstrated a commitment to organise and deliver the works in consultation with residents, keeping them informed throughout, through personal visits by a project dedicated Resident Liaison Officer and other means.
Being ruthlessly financially efficient	<p>A competitive and openly advertised tender exercise using the most economically advantageous tender criteria was undertaken.</p> <p>The successful tenderer provided the best overall quality submission and a price that was more than one third below the pre-tender estimate, and therefore demonstrates best value achieved through the tendering process.</p>
Taking pride in H&F	<p>The renewal of landlord block electrical distribution infrastructure will remove the need to incur future wasteful reactive maintenance on the existing obsolescent infrastructure.</p> <p>This should save whole life asset expenditure on this property element across the medium- to long-term, while minimising the risk of future block outages of mains electrical supply,</p>

	contrary to resident amenity and safety: an example of effective planned preventative maintenance.
Rising to the challenge of the climate and ecological emergency	<p>This project should have a strong positive impact on the Climate Emergency, by making a potentially significant future contribution in furthering the H&F's <i>Climate and Ecological Emergency Strategy</i> with particular reference to <i>Homes, Buildings and Energy</i>.</p> <p>Renewal of the lateral mains, as specified, includes larger cables and switchgear that will allow future block electrical supply to be sourced from alternative zero carbon systems, such as wind turbines, and PV panels.</p> <p>These sources could then power alternative block electrical heating systems - possibly electrical panel heaters powered by an off-peak supply - with associated net carbon reduction impact compared to the current individual gas-boiler systems. Any such future replacement, of course, will be subject to detailed feasibility and resource availability.</p>

Financial Impact

The current HRA Capital Programme as approved by Cabinet in February 2021 has a budget allocation of £3,774,566 under the budget heading Landlord's Electrical Installations. Aside from some small spend on professional fees, this budget is largely uncommitted and can be used to fund the proposed contract's value of £406,654.

The leasehold services team's current estimate is that about £187,962 of this cost can be recharged to the leaseholders. The amount that ultimately gets billed and subsequently collected may be lower than this estimate.

A procurement strategy to procure this work through open tender was approved on 10 January 2021. The proposed contractor W.G. Wigginton Limited have been selected in accordance with that procurement strategy.

A CreditSafe report has been run on the proposed contractor W.G. Wigginton Limited on 14 May 2021 which shows they have a low risk credit score of 71. Their

average turnover for the most recent two financial years is £11.6m, which is well above double the value of the proposed contract.

Legal Implications

This report recommends that a contract is awarded to W.G.Wigginton Limited for works to renew the lateral mains at works at Abbey Court, Clifford House and Linacre Court for a maximum contract value of £406,654. The total value of the contract is below the threshold set by the Public Contracts Regulations 2015 ("PCR") (as amended) for works contracts, which is currently £4,733,252. The PCR therefore do not apply in full.

Although the value of the proposed contract is below the threshold set for works under the PCR, the Council is required to comply with the PCR and the general principles of transparency, equal treatment, non-discrimination and proportionality.

Under the Council's Contract Standing Orders ("CSOs"), this contract is a high value contract and should therefore comply with the competition and advertising requirements as set out in CSO 19.1. In accordance with the procurement strategy the open procedure was used. Details of the procurement process followed is set out in this report.

The tender documentation included award criteria which were applied. The evaluation criteria were applied to determine the most economically advantageous tenderer. It is recommended that the Contract is awarded to the highest scoring tenderer in accordance with the tender documentation.

The decision maker needs be satisfied that the recommended award of contract is to the tenderer submitting the most economically advantageous tender on the basis of the award criteria set out in the Council's tender documentation. This will secure compliance with the PCR requirements and the Council's CSOs.

The Council must publish a contract award notice on Contracts Finder containing at least the name of the contractor, the date on which the contract was entered into, the value of the contract and whether the contractor is an SME or BSCE (reg.112(1) PCR).

The Council's Legal Service will assist with preparing a formal contract. The tender was issued with a draft contract and will be entered into on those terms.

As the value of the call-contract is above £300,000, the call-off contract award is a Key decision and has been submitted to Committee Services for publication on the Council's website. In addition, a copy of the completed (dated) call-off contract must be uploaded to the Council's Contracts Register along with a copy of the award report.

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Background Papers Used in Preparing This Report - none

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The background and justification for this project was fully described in the Procurement Strategy (PS), attached as Appendix 2 for information. This was endorsed by Contract Assurance Board (CAB) at its 16th December 2020 meeting. The Strategic Director for Economy approved the PS on the 21st December 2020 following consultation with the Cabinet Member for Housing. The decision was published on 14th January 2021: [Printed decision Procurement Strategy Renewal of Electrical Rising and Lateral Mains to Multiple B.pdf \(lbhf.gov.uk\)](#).
2. Comprehensive Invitation-To-Tender documentation was collated and issued on the 22nd January 2021 on the CapitalESourcing portal (the Portal). Detailed specifications, pricing tables, and a draft contract was included. In accordance with the PS, a first-tier evaluation weighting of 60% quality and 40% price was set.
3. The Qualification Envelope requirements included the completion of a Minimum Standards Questionnaire (MSQ). Tenderers were required to complete this to demonstrate their suitability to deliver the Works. It included a pass/fail question (Relevant Experience Question) where bidders were required to provide details and references for two similar projects. The pass/fail decision was determined by the level of similarity demonstrated in response, the reference responses, and bidder assessment of the project description. Site visits of the proposed sites took place during the early period of the tender process.

- 4 *Table 1* below sets out the second-tier quality evaluation weightings applied in the Technical Evaluation Envelope for bidders passing the qualification stage.

Table 1 –Quality Evaluation Criteria	
Tier 2 Sub-criteria	Tier 2 Sub-criteria weighting
Project Delivery (minimum score of three, scaled up to 60% required)	36%
Resident Engagement	12%
Health and Safety	15%
Communications	10%
Scenario Assessment	5%
Environmental	5%
Social Value	17%
Total	100%

- 5 Tenderers were required to submit succinct and customised method statement responses across all technical areas defined above in *Table 1*.
- 6 They were also required to submit a fully inclusive fixed price to complete the specified Works to each of the three pilot blocks, totalled to provide a fully inclusive Contract Sum, which was then evaluated according to the Council's usual methodology. The tenderer submitting the cheapest tender scored the maximum 40% for Price.

Qualification Envelope Assessment

- 7 17 bidders expressed an interest by submitting a bid on 19th February 2021. Their qualification self- certification responses were screened first. A reference was obtained from each of the two projects that each bidder submitted as part of their response to the Relevant Experience question.
- 8 One bidder withdrew advising that the 'onerous social value requirements' meant that the project was not suitable for them, thanking LBHF for the opportunity to bid.

- 9 Three other bidders were then rejected at this stage because the information that they provided and/or references obtained relating to the MSQ Relevant Experience question were either inadequate or insufficient or both.

Technical Envelope Evaluation

Technical method statement evaluation and moderation

- 10 A technical evaluation group comprising three specialist mechanical and electrical service officers evaluated the technical quality submissions (excluding Social Value) of the 13 remaining tenderers.
- 11 This element accounted for 43% of the total evaluation score. Moderation sessions were held on 19th April 2021 to agree a single score for each tenderer for each method statement. These moderated scores were then inputted into the CapitalESourcing Portal (the Portal).
- 14 Three tenderers were disqualified from further consideration because they either failed to attain the minimum score of three (scaled to 60%) for Project Delivery (PD) or otherwise scored 2 (20% or less) for a method statement submission other than PD.

Social Value (SV) quantitative questionnaire and qualitative method statement

15. This element accounted for 17% of the total evaluation score, comprising two equal 50% tier-three sub-weightings, each accounting for 8.5% of the total score.
16. The final SV Quantitative and Qualitative scores taking account of confirmation clarifications were then inputted into the Portal.
17. The overall weighted total quality score - including that for SV - for the remaining ten tenderers was then calculated by the Portal. It is reported in Column A of *Table 2*.

Pricing

- 18 Tenderers were required to submit within the Portal Commercial Envelope a completed pricing table (Pricing Document) confirming their fixed inclusive price (without limitation) to complete the specified works to each block, save for identified provisional sums. These were then totalled to provide their tendered Contract Sum to complete the entire pilot programme.
- 19 That fixed price requirement was reiterated by a clarification issued by LBHF on 17th March 2021. This confirmed that all prices and rates requested in the Commercial Envelope shall be inclusive of all disbursements and any other costs or expenses necessary for the proper performance of the Works, to include for all Service Provider risks under the Contract, and that LBHF shall not pay any sum or sums other than those set out in the Pricing Document.

- 20 In response, two tenderers advised that they had misunderstood the requirements of the Pricing Document and had not included items that should have been included in their fixed sum(s) submissions.
- 21 A further LBHF clarification confirmed that submitted fixed prices must include all cost items required to complete the project and that tendered fixed prices must not allow for any adjustment (pre or post-contract). In response, four tenderers submitted revised Pricing Documents with upward revisions that were taken account in the pricing evaluation. The successful tenderer did not revise their price and confirmed on two occasions by their response to the clarifications above that their original submitted Contract Sum was fixed and inclusive.
- 22 Pricing scores then translated into a total mark out of 100 (total pricing score) that was then scaled down by 0.4 in accordance with the 40% first-tier pricing weighting. The final pricing scores are reported in Column B of *Table 2*.
- 23 Following moderation, the weighted pricing and qualitative scores for each Tenderer were combined, providing an overall percentage score out of 100, reported in Column C of *Table 2*. Column D of *Table 2* below reports the final ranking.

Table 2: Scoring Summary

	Column A	Column B	Column C	Column D
Contractor	Quality (weighted) Max 60%	Price (weighted) Max 40%	Total Max 100%	Ranking
W G Wigginton Ltd	48.83	36.99	85.82	1
Bidder A	43.68	33.94	77.62	2
Bidder B	38.01	39.36	77.37	3
Bidder C	46.69	30.26	76.95	4
Bidder D	37.76	36.86	74.62	5
Bidder E	45.14	29.38	74.52	6
Bidder F	33.63	40.00	73.63	7
Bidder G	37.88	31.88	69.76	8
Bidder H	31.96	33.21	65.17	9
Bidder I	41.03	23.71	64.74	10

- 24 Further detail is provided in Section 1 *Exempt Appendix 1*.

Next steps

- 25 All bidders will receive written confirmation of the Council's decisions to award the contracts by letters prepared in line with the Public Contracts Regulations 2015 (PCR), providing reasons for the decision.

- 26 After these letters have been issued via the Portal, a standstill period of 10 calendar days will be observed by the Council, even though the PCR does not apply in full for this procurement.
- 27 A Privacy Impact Assessment (PIA) will be carried out with the successful contractor.
- 28 A Stage 1 leasehold consultation Notice of Intention notice was issued on 10th November 2020 with a consultation period that ended 15th December 2020.
- 29 The intention is to issue a Stage 2 leasehold consultation Notice of Proposal Notice in accordance with the timetable reported in *Table 3* below.
- 30 The Council's Repairs Working Group will continue to be advised of progress of this procurement.
- 31 Draft contracts were incorporated into the ITT in January 2021 and this will be engrossed prior to being executed as a deed.
- 32 Mobilisation of the new contractor will commence after the completion of the standstill period – expected to end mid-June 2021. There is no TUPE transfer meaning that mobilisation is expected to be straightforward.
- 33 *Table 3* summarises the expected timeline.

Table 3- Lateral Mains Next Steps Timetable	
Activity	Milestone
CAB endorsement	26th May 2021
Strategic Director for Economy confirms decision subsequent to consultation with Cabinet Member for Housing	1st June 2021
<i>Leaseholder NOP Consultation letter preparation starts after confirmed decision</i>	
Non-statutory Standstill period	2 nd to 14 th June 2021
Leaseholder Notice of Proposal (NOP) issued	15 th June 2021
Leaseholder NOP Consultation ends	21st July 2021
<i>Preparation of Contract</i>	<i>16th June onwards</i>
Notification of proposed award of Contract	22 nd July 2021
Commencement Date of Contract	23 rd July 2021

Reasons for Decision

- 34 Identified and needed works to renew obsolescent landlord electrical distribution infrastructure to 1-25 Abbey Court within the Emlyn Gardens Estate, 1-30 Clifford House within the Lytton Estate, and 1-68 Linacre Court can commence using an appointed contractor providing the most economically advantageous tender.
- 35 A future report will seek PS approval for a wider renewal programme, to a further 15 blocks subsequent to the production of specifications and drawings by a specialist technical consultancy (these are well developed). The intention

is for the procurement process to proceed during Autumn/Winter 2021-22 ready for a contract start in Spring 2022.

- 36 WG Wigginton's Social Value offer is 127.91% of contract value. Although most of that value is derived from a commitment to source materials locally, it included a commitment to: advertise in partnership with LBHF initiative to increase access to local employment for three LBHF residents: 1 x Junior RLO; 2 x Junior Administrator.

Equality Implications

- 37 There are no direct negative implications for groups with protected characteristics, under the Equality Act 2010, related to the proposals outlined in this report.
- 38 The successful tenderer has committed to taking steps to safeguard the position of vulnerable protected groups during the Works, including the use of translation services and the targeted attention of a project dedicated Resident Liaison Officer (RLO).

Risk Management Implications

- 39 Works are required to ensure the council continues to comply with its statutory duties as Landlord. The procurement strategy proposes that tendering to renew landlord electrical distribution infrastructure at 1-25 Abbey Court within the Emlyn Gardens Estate, 1-30 Clifford House within the Lytton Estate, and 1-68 Linacre Court is the best option to secure the most economically advantageous tender.
- 40 The upkeep and maintenance of the landlord electrical distribution infrastructure system is a landlord (LBHF) statutory and contractual responsibility to ensure that it is in proper and safe working order within each block and it is an expectation from councils' insurers to continue to improve risk control through safety and maintenance programmes. All works must adhere to Covid-19 industry, the Health and Safety Executive and HM Government operating guidelines and regulations.

Implications verified by Michael Sloniowski, Risk Manager, tel 020 8753 2587

Climate and Ecological Emergency Implications

- 44 This project facilitates future contributions to the council's climate objectives in the field of Homes, Buildings and Energy, by upgrading the electrical infrastructure necessary for on-site renewable energy generation and low-carbon heating.
- 45 The Works include the installation of larger cables and switchgear that will allow future block electrical supply to be sourced from alternative zero carbon systems, such as wind turbines, or PV panels. These sources could then then power alternative block electrical heating systems - possibly electrical panel

heaters powered by an off-peak supply - with associated net carbon reduction impact, compared to the current gas-powered individual boiler systems. Any such future replacement, of course, will be subject to detailed feasibility and resource availability.

- 46 WG Wigginton has also committed to the local sourcing of all materials for this project through a LBHF-based supply chain, which – apart from its local spend implications – should minimise journey requirements.
- 47 The successful contractor submitted an Environmental Plan as part of its tender. This committed to ‘moving towards Carbon Neutral’ with an all-electric vehicles fleet ‘under review’. It also promised to limit travel wherever possible through ‘excellent planning and programming’, including the deployment of locally based RLO and on-site staff using public transport, where possible.
- 48 As part of its ISO14001 accreditation the successful contractor will monitor its energy (electricity and water consumption), reporting on this annually with reference to year-on target reductions.
- 49 Enhancing practice and delivery across all these areas will be progressed and monitored during mobilisation and throughout the project, as a standing monthly contract meeting agenda item.

Comments verified by Jim Cunningham, Climate Policy & Strategy Lead, 07468 365829

IT Implications

- 41 IT Implications: There are no IT implications resulting from this Contract Award Report.
- 42 IM Implications: A Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this proposal are properly assessed with mitigating actions agreed and implemented.
- 43 The contract arising from this report will need to include H&F’s data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR). The supplier will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

Implications completed by: Karen Barry, Strategic Relationship Manager – 020 8753 3481.

Local Economy and Social Value Implications

- 44 The winning bidder submitted a social value response in excess of their contract value, well beyond 10% minimum requirement. The contractor quoted a total price of £375,000 and submitted social value commitments of £479,670 in proxy value. Social Value Portal evaluated the social value

response and after the clarification stage, the supplier confirmed their submission. Areas where their commitments are high are on local spend and local jobs creation.

- 45 It is recommended the Commissioner will work closely with the legal team to ensure appropriate contract clauses are included in the contract. The contract should contain appropriate social value clauses so that the Council can enforce its right to compensation if social value commitments are not delivered.
- 46 The winning bidder will be required to set targets on Social Value Portal for effective monitoring and responsible to pay the relevant fee as per the Instruction to Tender document published at the tender stage. Contract managers should work closely with H&F Social Value Officer to ensure commitments will be effectively delivered.

Implications verified by Ilaria Agueci, Social Value Officer tel. 0777 667 2878

List of Appendices:

Exempt Appendix 1: Evaluation results and pricing information.