

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Strategic Director Economy in consultation with the Cabinet Member for Housing and Homelessness

**Date** 19 October 2023

**Subject:** Procurement Strategy and Contract award approval for a Re-wiring contract to W.G Wigginton LTD via the Procure Public Ltd, 'Electrical Services and Decarbonisation' Framework

**Responsible Assistant Director:** Richard Buckley, Assistant Director of Building and Resident Safety

**Report Author:** Nick Marco-Wadey, Head of Contract Governance

---

### SUMMARY

This procurement strategy and contract award report recommends the direct award of a contract via the Procure Public Ltd, 'Electrical Services and Decarbonisation' Framework to W.G Wigginton Ltd. The value of this contract is £554,000 and is for the delivery of works in relation to electrical re-wiring at 140 of our properties.

This is a value limited award to add capacity to the wiring upgrade programme to residents' homes so that they are electrically safe, resilient, functioning, and future proofed to handle increased electrical demand as we move towards net carbon zero supplies.

W.G Wigginton Ltd have undertaken works for the council previously and understand the local electrical infrastructure and working with our residents.

#### **Why are rewires required in domestic properties:**

Electric cables distribute electricity from the consumer unit to the sockets and lights through the property. These cables de-grade over time and this de-grading is highlighted through the periodic electrical test. The required landlords electrical test has been undertaken and highlighted that the existing cabling has gone beyond its design life and needs upgrading.

#### **What are the risks if these cables are not upgraded:**

Cable failure that will not carry the supply of electricity so there will be disruption to the power supply within the property, and this could be a fire risk if the cables short out, arc.

#### **Why are we asking to allocate these works to Wigginton's and not allocating to our term contractor AJS.**

We have been implementing a robust testing schedule since 2019 to ensure the safety of our residence and the councils compliance.

We have converted from 10-year testing to 5-year to ensure we are fully compliant being ahead of statutory recommendations. We have converted from the previous reactive provision to a proactive service which ensures the safety of our residents, reduces impact, whilst also reducing the demands on our revenue budgets. From this proactive scheduling we have generated short demands which AJS are unable to deliver for the Council.

**The recommendations in this report are endorsed by the Director for Housing.**

## RECOMMENDATIONS

1. To Approve the procurement strategy for the direct award of an electrical re-wiring works contract under the Procure Public Ltd Electrical Services and Decarbonisation Framework.
  
2. To Direct award an electrical re-wiring works contract for a maximum value of £554,000 to W.G Wiggington Ltd. This contract will be awarded via a compliant direct award via the Procure Public Ltd, 'Electrical Services and Decarbonisation' Framework. The contract period is estimated to be between October 2023 to April 2024.

**Wards Affected:** All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The contractor will be required to deliver Social Value equivalent to 10% of the contract values for all spend over £100,000. This should have a positive impact on local wellbeing and prosperity.
Creating a compassionate council	Well maintained electrics are essential to ensuring that residents live in safe and quality housing. This contract will ensure that electrical assets are well maintained therefore reducing negative impacts from asset failure.
Doing things with local residents, not to them	The contract will stipulate high standards of resident communication throughout the works process.
Being ruthlessly financially efficient	This framework category evaluated suppliers using the Most Economical and Advantageous Tender criteria (MEAT) which ranked suppliers

	based on 40% cost / 60% quality. We will look to direct award to the highest ranked suppliers first. Supporting the backlog of voids and disrepair cases will additionally help to minimise potential further legal and compensation costs in this area.
Taking pride in H&F	It is important that the Council provides tenants with homes to be proud of.
Rising to the challenge of the climate and ecological emergency	Via Previous procurement exercise Wigginton was awarded the phase one of the lateral mains upgrade programme and as part of the evaluation process the contractor was recognised for its outstanding climate control initiatives which will also apply to these works.

### **Financial Impact**

The HRA 4-year Capital Programme contains a budget allocation of £7.056m for Capital Electrical Installation. The 2023/24 allocation of £4.843m will be used to fund the £0.554m contract in this report.

The works are anticipated to be fully capital in nature as this will upgrade the electricals of existing assets to improved standards, extending the asset life.

A Credit Safe Report was run for W.G. Wigginton on 06/10/2023, which provided a risk score of 53, and an annual contract limit of £2.100m, which is sufficient for the contract proposed in this report.

*Implications prepared by: Llywelyn Jonas, Principal Accountant – Housing Capital, Tel: 020 8753 3507*

*Implications verified by: Danny Rochford, Head of Finance (HRA and Economy), 06/10/23*

### **Legal Implications**

The Council has an obligation to carry out these tests as part of its obligations as a landlord under the Landlord and Tenant Act 1985.

This is a public works contract under the Public Contracts Regulations 2015 (PCR) and therefore the advertising and competition requirements in the regulations need to be followed. The Procure Public Limited frameworks were let in accordance with the regulations and the Council is entitled to call-off under them. The provisions of the PCR are therefore being complied with. The framework allows for a direct award to the highest ranked contractor which is W.G. Wigginton Ltd.

This is a high value contract for the purposes of the Council's Contract Standing Order. The use of a suitable third party framework in accordance with its terms is a

compliant means of procuring a contract of this value. The proposed strategy and award report is therefore permitted under CSO 18.

Because of the value of the contract this is a key decision under the Council's constitution. The decision therefore needs to be included on the key decision list on the Council's website.

John Sharland, Senior solicitor (Contracts and procurement)  
7 August 2023

## **Background Papers Used in Preparing This Report**

Housing Revenue Account (HRA) 12-year Asset Management Capital Strategy,  
*Cabinet 06/09/2021 - PUBLISHED*

---

## **DETAILED ANALYSIS**

### **Background**

1. As part of our compliance, landlord responsibilities we carry periodic electrical tests to all properties.
2. The period changed from every ten years to five.
3. The council are currently ahead of the delivery curve with circa 10,634 out of 11,989 properties tested within the last four years.
4. Upon our testing it has been made very visible that many preventative works such as re-wires to aged installations have not happened.
5. As a result, we have uncovered many re-wire requirements through the 10,988 properties tested to date. Of this number, 10,634 tested has follow on works completed at point of visit.
6. Furthermore 84 properties that have been tested require a consumer unit (fuse box) upgrade and 270 properties that have been tested need partial or full re-wires.
7. Now these works are being undertaken by our term contractor AJS.
8. These works are classed as out of scope works so we are not contracted to give the works to AJS.
9. AJS have received orders to attend to 130 of the 270 and they will also carry out any re-wires and Consumer Unit upgrades from the on-going testing programme.
10. Whilst AJS are making good progress, they do not have capacity to respond to the works pertaining to our additional 140 properties and therefore we look to issue these works to another contractor.
11. The cost of these works is estimated at £554k and the budget of these works will come from the existing allocated electrical upgrade capital budget.
12. We are proposing use W G Wiggington Ltd via the Procure Public Ltd, 'Electrical Services and Decarbonisation' Framework.
13. This contractor is ranked as the number 1 bidder within this framework.
14. The contractor has previously undertaken lateral mains work for H and F and delivered these works to the highest standards.

15. Furthermore, their management and support structure throughout this project was proactive, supportive and professional. We will need these qualities to deliver against these 140 properties in a timely manner.
16. From a cost point of view, we have compared the cost of W G Wiggington Ltd to our current supply chain and have satisfied ourselves that their costs are in keeping with existing and historic supply chain partners in this area.
17. On this basis, we are seeking approval in line with the above-mentioned recommendation.

## Reasons for Decision

1. To maintain our pace with our electrical asset repairs. Keeping pace with our maintenance is crucial for us to maintain our compliance position.

## Contract Specifications Summary

2. See table below for a description of the works or services being procured:

<b>Contract</b>	<b>Contract value</b>	<b>Description of works/services</b>
JCT Measured Term Contract.	£554,000	Full house/flat rewires need to be done carefully and expertly to avoid the risk of fires or electrocution. These works will involve: Replacing back boxes on switches and sockets, running new electrical cables throughout the house, changing the wiring on lighting and power circuits that include: sockets, cooker showers and any dedicated power supply.

## Procurement Route Analysis of Options

3. There are a range of procurement options available to procure providers of these works:
  - Competitive tender
  - Mini-competition from a suitable framework or Dynamic Purchasing System (DPS)
  - Direct award from a suitable framework
4. These options provide varying levels of assurance that the resulting providers are value for money. Competitive tender is the best guarantor of value as it is open to the whole market, whereas direct award from framework provides a limited degree of assurance (from the fact of the competition required to get onto the framework in the first place).

5. The disadvantage with the first two options is that the time it takes to deliver them. Competitive tender can take up to 4 to 6 weeks to seek tenders and evaluate the results, before 3 or 4 weeks required for the contract award Governance. Mini-competition is only a little bit quicker.
6. The service urgently requires additional capacity and therefore have ruled out the first two options because of the time required to deliver them.
7. Direct Award from a suitable framework would be the quickest option to still secure a compliant contract award. The supplier will be qualified and ranked as part of the Procure Public Ltd, 'Electrical Services and Decarbonisation' Framework. W G Wiggington Ltd received a 1<sup>st</sup> place ranking based on the Most Economical and Advantageous Tender criteria (MEAT) which ranked suppliers based on 40% cost / 60% quality. On this basis, we would therefore look to direct award to W G Wiggington Ltd.
8. The only other option is a direct award outside of any framework. This route is less desirable than a call off through a competitively tendered framework as it would not meet the requirements of Contract Standing Orders.

### **Risk Assessment and Proposed Mitigations**

9. Works will be issued to the contractor in circa 46 property increments in order to ensure a phased approach to work management and an ongoing review of delivery quality.
10. The volume of work given to the supplier is controllable as the contract will have a clause which stipulates that there is no commitment to give them any specific work volume. The level of work the supplier ultimately receives will be determined by the quality of their workmanship and service. The volume of work can be controlled so that it does not overwhelm the special management processes put in place to manage this contractor.
11. All works will be paid when works have been completed, inspected, quality checked, certificates received and quality checked.

### **Timetable**

12. Please see below for an estimated timetable:

Key Decision Entry (Strategy)	11/07/2023
Contracts Assurance Board for Procurement/Contract Strategy Report	27/09/2023
SLT/Cabinet Member/Cabinet Sign off	28/09/2023
Contract start date	15/10/2023

### **Selection and Award Criteria**

13. This will be a single tender award via a framework – the suppliers met formal selection criteria to secure a place on the framework. The award is made to the highest-ranking provider who had capacity to meet our needs.

14. Price mechanisms are described in the table below:

<b>Contract</b>	<b>Pricing mechanism</b>
JCT 2016 MT Contract	Schedule of rates.

### **Contract Management**

15. The standard of workmanship and service will be monitored and measured by the M&E client team. The contractor will need to provide works reports evidencing the works undertaken. The service will be allocating a supervisor resource to these works, and they will be reporting into the Electrical Project Manager. The contractor will be required to provide a time assessment of the works prior to commencement, and this will be scrutinised. The M&E team will call every resident once the works have been completed to ensure satisfaction, and if there are any issues no payments will be certified until they are resolved.
16. There will be monthly performance meetings in which KPIs will be reviewed. KPIs will include:
- Attendance of appointments to complete the specific task.
  - Submission of a formatted works report for every job, proving quantity and quality
  - Resident satisfaction
  - 10% of all works will be audited. If snagging is required, the contractor has 10 days to resolve and evidence.
17. Social Value will be monitored and managed by the M&E Service with support of the Contract Governance Team.

### **Equality Implications**

18. We anticipate a neutral equality impact arising from this contract. A positive impact will be to protect residents with a range of protected characteristics.

### **Risk Management Implications**

19. The report recommends approving the direct awarding of a contract for urgent works required to provide electrical re-wiring at 140 council properties. This is vital to mitigate the risk to resident health and safety and to ensure the Council is compliant with relevant regulations. Officers have identified risks associated with the procurement along with appropriate mitigations.

*David Hughes, Director of Audit, Fraud, Risk and Insurance, 7 August 2023*

### **Climate and Ecological Emergency Implications**

20. As part of the contract award process, we will ask the supplier to provide a method statement detailing their approach towards climate change. This

response will be scored on a pass/fail basis. We will also review the delivery of their method statement intentions at contract annual reviews to manage their performance and continuous improvement in relation to climate change.

21. The supplier will also be asked to try and prioritise climate outcomes in its social value commitments.
22. Requirements from providers around decarbonisation will be developed as part of the long-term repairs model and included in the future procurement of longer-term contracts.

*Verified by: Jim Cunningham, Climate Policy and Strategy Lead, 13 April 2023*

### **Local Economy and Social Value Implications**

23. It is a requirement that all contracts awarded by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract.
24. For a direct award, the supplier should propose social value measures to a proxy value of at least 10% of the price of the contract, as well as method statements as to how these measures will be delivered, which should be assessed as reasonable before the award of the contract.
25. It is recommended that the commissioner works with the supplier and the Council's Social Value Officer to ensure a delivery plan is in place to realise the commitments made by the supplier.
26. It is recommended that the commissioner works with the Legal Service to ensure appropriate social value clauses are included in the contract so that the council can enforce its right to remedies if the social value commitments are not delivered.

*Oliur Rahman, Head of Employment and Skills, 12 September 2023*

### **Consultation**

27. No consultation has been carried out. The contract will stipulate high standards of resident communication throughout the works process.