

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

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

**Date:** 19 October 2023

**Subject:** Final Phase LED lighting contract for block communal lighting

**Report Author:** Nicholas Marco-Wadey, Head of Contract Governance  
Richard Buckley, Assistant Director, Residents and Buildings Safety

**Responsible Director:** Richard Shwe, Director of Housing.

### SUMMARY

Tackling climate change and keeping residents safe are important in Hammersmith and Fulham. The lighting of communal areas through the implementation of LED lights in the 1<sup>st</sup> phase of light improvements have made residents feel safe, reduce the potential for crime and enabled safe access and egress, aiding orientation, across our estates.

The benefits of LED lighting include carbon reduction, fewer repairs, cloud-based alerts, reductions in engineer costs, eradicating manual compliance checks, and more reliable emergency lighting. Light spillage can be directed on to the pavements rather into properties. In further detail:

- Within phase one, we have upgraded 451 blocks with lux bright LED fittings and cloud based remote monitored smart system.
- Phase one we upgraded 23,569 traditional Halogen light fittings LED.
- Phase one we upgraded 10,919 traditional Halogen emergency light fittings.
- Compliance: prior to upgrade we would manually test the emergency lighting, which equated to 5,412 journeys per year, and now this is zero.
- The cost to carry out the compliance testing manually was £170,478 per year and now the cost for the monitoring is £26,000 per year.

OpenView Security Solutions Limited recently completed phase one of our LED lighting programme. This involved upgrading communal lighting in corridor stairs and exterior of buildings in 451 blocks on Council Housing Estates at a cost of £4,559,575.41.

To keep on track with our LED lighting programme time delivery targets, we now want to embark on the final phase, of the LED programme in October 2023, which will complete a further 50 communal systems. This report details our procurement and contract award business case strategy for compliantly direct awarding the final phase contract (estimated at £850,000) to OpenView Security Solution Limited.

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## RECOMMENDATIONS

That Strategic Director for the Economy in consultation with the Cabinet Member for Housing and Homelessness approves:

1. Compliant contract direct award to OpenView Security Solutions Limited via the London Housing Consortium Framework. The contract will be for £850,000.
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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The contractors will be required to deliver Social Value equivalent to 10% of the contract values. This should have a positive impact on local wellbeing prosperity.
Creating a compassionate council	This project will create infrastructure that is more cost effective in terms of maintenance and repair. This will therefore make service charges more cost effective for our customers.
Doing things with residents, not to them.	The LED lighting project was put forward to residents via the Resident Working Group (RWG). Residents were consulted on the scope of the project and this project was subsequently signed-off by the relevant channels/parties pertaining to this group.
Being ruthlessly financially efficient	In terms of our sourcing method, we will be using a Framework to procure OpenView. This Framework ranks providers based on a 60% quality vs 40% cost MEAT 'Most Economically Advantageous Tender' split. 'MEAT' considers the best value for money blend between quality and cost. Open view is ranked number 1 on this framework and therefore is the best value for money. To add an extra level of due-diligence and ensure that the Framework rates resemble good value for money, the service will also

	benchmark these rates against historic cost data that the service holds on similar works.
Taking pride in H&F	The upgrades to LED lighting will be a further step towards meeting our climate change objectives as Greenhouse gas emissions associated with the LED lights are significantly lower than typical incandescent or Compact fluorescent lights. These upgrades across our housing blocks will be showing H&F's commitment to its climate goals and ensure it continues leads the way on addressing the climate challenge.
Rising to the challenge of the climate and ecological emergency	As per the above, evidence supports the case that switching to LED lighting can reduce our greenhouse gas emissions. Therefore, this programme is very positive in working to prevent climate and ecological emergency.

## Financial Impact

The report seeks to appoint OpenView Security Solutions to provide the next phase of the LED Lighting Programme to 53 Council blocks.

The Housing Revenue Account (HRA) 4-year Capital Programme contains a budget within the Electrical Safety Programme of £9.176m for the Landlord's Electrical Installations and the contract value of £0.850m will be funded from unallocated funds within this budget.

A Credit Safe report was run for OpenView Security Solutions on 31/08/2023, which provided a risk score of 70, above the Council's minimum of 50 and an annual contract limit of £6.9m, which is more than sufficient for the procurement in this report.

Furthermore, the service will ensure all works are completed, inspected and quality checked before any payments are made to the contractor, which further mitigates any potential risk to the Council.

Implications prepared by: Llywelyn Jonas, Principal Accountant – Housing Capital, 31/08/2023

Implications verified by: Danny Rochford, Head of Finance (HRA and Economy), 31/8/23

## Legal Implications

The Council is obliged to provide communal lighting as part of its duties as a landlord under the Landlord and Tenant Act 1985. The upgrading enables the Council to fulfil this duty.

The value of the proposed works is significantly below the threshold for the Public Contracts Regulations 2015 to apply. There are therefore no statutory requirements in relation to this procurement.

This is a high value contract for the purposes of the Council's Contract Standing Orders. 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 Council is able to call-off under the LHC Whole House Refurbishments and Associated Works framework and direct awards under this framework are permitted.

This award is a key decision under the Council's constitution and needs to be included in the key decisions list on the Council's website.

*John Sharland, Senior solicitor (Contracts and procurement) 5 September 2023*

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

Cabinet Report - Business Case and Procurement strategy report for LED lighting programme - Published

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## **DETAILED ANALYSIS**

### **Background**

1. In April 2021, OpenView Security Solutions Limited undertook phase 1 of our programme to upgrade communal lighting in corridor stairs and exterior of buildings in blocks on Council Housing Estates.
2. These works were commissioned on the rationale contained within the business case attached in appendix 1.
3. This contract was for a total of £4,559,575.41. The works took 104 weeks to undertake and were completed in 31 of March 2023. During this phase, we managed to upgrade LED lighting in 451 blocks.
4. The contractor (OpenView Security Solutions Limited) procured for these works delivered these works in a manner that satisfied the safety, quality, cost, and time outcomes of the contract allowing for a smooth transition into the final phase of the upgrade programme.
5. 'Final phase' of this programme is earmarked to cost £850,000 and will involve LED lighting upgrades to 53 council estate blocks.
6. To continue the pace of the programme, we need to start these works by the end of October 2023, and we anticipate these works taking between 6 to 9 months to complete.
7. Given the strong performance of OpenView Security Solutions Limited and their familiarity with the H & F Client team, we are looking to leverage the principles of our previous contract (phase 1 LED programme) in order to compliantly direct award a contract for final phase of this programme via the 'insert FW'
8. This Framework has competitively ranked suppliers based on MEAT (Most Economically Advantageous Tender) criteria (which ranks suppliers based on a

60% Quality vs 40% Cost ratio). OpenView Security Solutions Limited are ranked 1<sup>st</sup> on this Framework.

9. Given our successful 'phase 1' experience with OpenView and their 1<sup>st</sup> place ranking on the London Housing Consortium Framework, we are requesting approval to compliantly direct award the final phase contract to OpenView Security Solutions Limited so that works can start in October 2023.
10. This report has been approved by Contracts Assurance Board on 13<sup>th</sup> September 2023 and the recommendations have the support of the Departmental Management Team including the Director of Housing and the Assistant Director, Residents and Building Safety

## Reasons for Decision

1. In October 2023, the service seeks to begin 'final phase' of the programme for LED lighting upgrades to communal lighting in corridor stairs and exterior of buildings in blocks on Council Housing Estates. The award of this contract is critical in delivering these works.

## Contract Specifications Summary

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

Contract	Contract value	Description of works/services
JCT project contract.	£850,000	<p>These works will ensure that the lighting systems are designed with longevity, energy efficiency and low maintenance in mind. The lighting system will comply with BS 5266 or "Equivalent". Lighting levels will be in accordance with CIBSE Guides LG9 and LG12 or "Equivalent".</p> <p>These works will ensure that the whole of the system shall be certified by an approved NICEIC or "Equivalent" registered electrical installer, or similar Government approved Competent Person Scheme, and a separate Emergency Light Test certificate shall be issued by the approved installer.</p> <p>The Institution of Lighting Professionals 'Guidance Notes for the Reduction of Obtrusive Light' recommendation for zoning of areas shall be used when assessing lighting requirements.</p>

## 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 marginally quicker.
6. The service is aiming to start final phase of the programme by no later than October 2023 and therefore we have ruled out the first two options because of the time required to deliver them.
7. Given the performance of OpenView, we are aiming to compliantly direct award this package of works via a compliant Framework. The preferred framework we want to use (based on its scope and regional relevance) is the London Housing Consortium Framework, LOT 'Whole House Refurbishments and Associated Works framework (WH2)'. Open View 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.
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.

## Market Analysis, Local Economy and Social Value

9. There is a robust and mature market for works of this nature. The Office Journal European Union compliant Framework that we will use has a lot of capacity within it and therefore we do not anticipate supply issues.
10. OpenView Security Solutions Limited were the successful bidder of our tendering exercise for phase 1 of this project. Although OpenView Security Solutions Limited are not based in Hammersmith and Fulham, they are based in London and therefore have a good understanding of the local supply chain context and more importantly our customers need. This has been evidenced by their strong performance in phase 1 of the project.

## Risk Assessment and Proposed Mitigations

11. The Client team will closely project and contact manage the Contractor to ensure that the works are delivered on time, on cost and to the right quality and safety standards.
12. All works will be paid when works have been completed, inspected, quality checked, certificates received, and quality checked.

## Timetable

13. Please include an estimated timetable of the competition process through to contact commencing.

Key Decision Entry (Strategy)	16/08/2023
Contracts Assurance Board (Strategy)	13/09/2023
SLT/Cabinet Member/Cabinet Sign off (Strategy)	20/09/2023
Contract mobilisation and implementation	22/09/2023
Contract Commencement date	15/10/2023

## Selection and Award Criteria

14. 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.

15. Price mechanisms are described in the table below:

Contract	Pricing mechanism
JCT Project Contract	Schedule of rates.

## Contract Management

16. 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 directly into the Head of M&E. The contractor will be required to provide the Head of M&E with 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.
17. There will be performance meetings in which key project milestones and KPIs will be reviewed. KPIs will include:

KPI	Description	How measured	Target
1.	Resident Satisfaction	Percentage of residents responding positively to the following question at the time that particular resident's property is connected to the new	90%

		lateral mains: "Overall, how satisfied were you with the contractor who carried out the works?"	
2.	Construction time – project	Number of days between programmed and actual handover date	<28 days
3.	Predicted Cost	Percentage within the estimated contract sum	<5%
4.	Health and Safety	Reportable Accidents/Incidents (Number of reportable accidents or incidents ÷ Headcount on site)	0%
5.	Defects – end of Defects Liability Period (DLP)	To be rectified within four (4) weeks of notification	100%

18. Social Value will be monitored and managed by the M&E Department with support of the Contract Governance Team.

### **Equality Implications**

19. This contract will not pose any equality implications on our residents and wider stakeholders.

### **Risk Management Implications**

20. The switch to LED lighting is based upon the ongoing need to meet the health and safety requirements and is in accordance with the Asset Management Compliance Strategy and Capital Programme approved by Cabinet. Benefits identified are improved efficiency and maintenance that contribute indirectly to protecting the environment and responding to the Climate Change emergency. Savings from greater energy efficient lighting contribute to the Council's financial management and demonstrate through procurement the Council is being Ruthlessly Financially Efficient and innovative in seeking new ways to improve services for residents. The report recommends progressing with Final phase of the works, using a competitively procured framework to award a contract, in line with the objective of being ruthlessly financially efficient.

*Implications completed by: David Hughes, Director of Audit, Risk, Fraud and Insurance, 25 August 2023*

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

21. This contract supports the decarbonisation of H&F's housing by installing energy efficient lighting.
22. 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.

23. The supplier will also be asked to try and prioritise climate outcomes in its social value commitments.
24. 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, 25 August 2023

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

25. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments with an aim of securing a proxy financial value of at least 10% of the contract price that are additional to the core services required under the contract.
26. OpenView has proposed social value measures amounting to 10%. Most of this social value comes from committing to use a specified local business from which to procure materials for the contract.
27. The commissioner should work with Legal to ensure appropriate social value clauses are included in the contract, so that the council can enforce its right to compensation if social value commitments are not delivered.

*Paul Clarke, Social Value Officer, 30 August 2023*

### **Consultation**

28. The original business case and procurement strategy (appendix 1) pertaining to this programme involved extensive consultation.
29. Consultation took place with Tenants and Residents (Repairs Working Group) via the Lighting Sub Group, as improved lighting is a high priority for residents.
30. Through the consultation described in paragraph 29, where possible, resident preferences have been considered and incorporated where appropriate into the project.
31. The original business case (appendix 1) provides further details of consultation undertaken (see Page 9, Paragraph/Section 8).

### **LIST OF APPENDICES**

[Appendix 1- Original Business Case and Procurement strategy report for LED lighting programme](#)