



## Key Decision Report of the Interim Corporate Director of Housing & Adult Social Services

<b>Officer Key Decision</b>	<b>Date: 17<sup>th</sup> August 2018</b>	<b>Ward: All</b>
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<b>Delete as appropriate</b>	<b>Exempt</b>	<b>Non-exempt</b>
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### **SUBJECT: Procurement Strategy for Communal Lighting and Power (including emergency lighting) to 23 Residential High Rise Tower Blocks**

#### **1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of work to be undertaken within the communal areas of 23 residential tower blocks.
- 1.2 The Council does not have emergency lighting installed in these blocks. The proposed work is to install lighting to escape routes and corridors in the communal areas.

#### **2. Recommendation**

- 2.1 To approve the procurement strategy for communal emergency lighting at 23 Blocks outlined in this report.

#### **3. Date the decision is to be taken**

17<sup>th</sup> August 2018

#### **4. Background**

##### **4.1 Nature of the service**

The renewal of communal lighting and power including emergency lighting to 23 residential high rise tower blocks. The height of these buildings are six (6) storey and above.

The works are required as part of life cycle replacement in accordance with the Council's asset management strategy and industry recommendations – i.e. CIBSE Guide M (The Chartered Institute of Building Services Engineers) The work is also required to comply with the Regulatory Reform (Fire Safety Order) 2005.

Condition reports and feasibility investigations have been undertaken to identify where the proposed work is required. These reports will be used to assist with the procurement

process and to set out key criteria and reasons for the proposed work (i.e., age and condition of light fittings, cabling and wire-ways and legislation requirements).

The specification for this work is for emergency lighting to communal areas using a central battery system.

Areas to be included in the work:

Communal corridor and stairwell lighting  
Lighting in Lift Motor Room and Mechanical Services Plant Room areas are included  
Lighting on roof and within basement areas have been included

Items not included in the work:

Electrical supplies to dwellings (lateral mains)  
Electrical installations for mechanical plant

#### 4.2 **Estimated Value**

Funding has been set aside in the Capital Programme to undertake this work.

The budget cost for the proposed works will be circa £2,373,000 delivered over a 24-month duration.

The proposed approach for undertaking the work will help generate savings from the revenue budget as the central battery emergency lighting specification has a remote monitoring and testing facility removing the need for monthly on site testing.

Key Cost Drivers

Providing compliance with legislation and British Standards  
Providing a remote emergency light test facility  
Providing a remote emergency light monitoring facility  
Reduce maintenance costs  
Reduce complaints from and meet expectation levels for residents

It is anticipated that the works are procured in two Lots.

Lot 1 consists of 9 blocks. Lot 2 consists of 14 blocks. There are 23 Blocks overall in the contract and blocks have been grouped in a practical way for ease of undertaking the proposed work.

Proposed budget costs are based on similar works which were tendered in 2017.

#### 4.3 **Timetable**

The provisional timescale has been set out by the Procurement Project Plan.

The project can progress once the Procurement strategy has been signed off and the project advert has been posted (anticipated October / November 2018).

It is anticipated that the tender review will be completed by May 2019 and that the leaseholder consultation will be completed by July 2019. Work is scheduled to start on site in October 2019.

Leaseholders are to be consulted in line with current Council procedures and where appropriate are to be served notice and consulted in accordance with the consultation requirements of section 20 of the Landlord and Tenant Act 1985.

#### 4.4 **Options Appraisal**

Three options considered:

To procure on own as Islington Council  
To procure in partnership with another local authority  
To procure within an existing framework  
To procure in partnership with a maintenance contract

The principle benefits from procuring as Islington Council, not in partnership or within a framework are:

autonomy in selection criteria and project management  
an independent competitive tender will return the market rate to deliver these works

To procure in partnership with another local authority could be complex and may not deliver the results the council require. To do so would rely in stock being similar and comparable. Collaboration has therefore been discounted as an option.

No internal frameworks were identified for the purposes of this procurement.

Using an external framework has been considered in principle however these would be complicated as they would not allow leaseholder nominations for contractors. To procure in partnership with a maintenance contract although in principle possible in practice would not work due to the finite nature of project works and the continuity of service necessary in a maintenance contract. The amount of work necessary to procure the contract would be at best the same.

There would be no advantage in seeking to procure in this way.

#### 4.5 **Key Considerations**

##### Apprentices

The Council is committed to use its procurement activities to support Social Value such as apprenticeships.

The contract is to commit the winning contractor to employing an apprentice for a minimum duration of one year per million pound spend for the duration of the contract.

The winning Contractor will be required to directly employ an apprentice under the pastoral care of the Council.

There is no obligation by the winning contractor to continue training beyond completion of the contract.

The Council will be required to source potential apprentices for the contractor to employ.

##### Further Social Value Opportunities:

The following are requirements the main contractor is to aim to meet in order to enhance their Social Value impact in the local community:

Islington Council is a London Living Wage employer; where legally permissible and appropriate anyone working on LBI contracts is to be paid the London Living Wage

The winning Contractor is to participate in school and college employment activities to take part in iWork Youth Employment Team. A minimum of one per year for the duration of contract

The winning Contractor is to support and encourage for all employees, the adoption of the Sugar Smart Campaign and the adoption of the Healthy Workplace Charter

The winning Contractor is to provide training and development opportunities for Contractors own staff in order to improve skills

The winning Contractor is to have membership of The Islington Sustainable Energy Partnership and is to contribute to the scheme initiatives

#### 4.6 **Evaluation**

This contract will be competitively tendered using a two stage restricted procedure.

The evaluation is to be based on 60% price and 40% examples of similar projects specific to Social Housing, divided by four separate criteria each with a weighting of 10%. These are:

- Health and Safety (10%)
- Design (10%)
- Programme (10%)
- Workmanship (10%) – with emphasis on forethought and problem solving

The 40% example questions are to be written so as to relate to aspects of the work that we think the bidding tenderers may find challenging.

Their answers will emphasise how much thought and problem solving they will bring.

#### 4.7 **Business Risks**

The main risk in not proceeding with the work is the risk associated to the statutory compliance requirement, Regulatory Reform (Fire Safety) Order 2005. There is also a risk of increased maintenance costs as the existing infrastructure falls into further disrepair.

The Procurement risks are as follows:

- (i) No tenderer is able to meet the award criteria
- (ii) The tender returns exceed allocated budget
- (iii) Delays during the procurement process

The risks are offset by undertaking an accurate cost estimation. Also, a clear specification of requirements which the supply market understands.

A similar procurement process undertaken in 2017 has generated sufficient competition which was deemed to be affordable.

For the duration of the contract, risk is to be managed by the application of the following reduction measures:

A robust Risk Assessment Method Statements process (RAMS)

Carrying out monthly progress meetings with the contractor appointed to do the work  
Managing resources against the contractor's works programme

- 4.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules.

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	<p>To install emergency escape lighting which is a requirement under the Regulatory Reform (Fire Safety) Order 2005</p> <p>See paragraph 4.1</p>
2 Estimated value	<p>The estimated cost for the programme is £2.3m</p> <p>See paragraph 4.2</p>
3 Timetable	<p>The provisional timescale to agree this Procurement Strategy and complete the procurement process and works to commence on sites is October 2019 with a phased programme until August 2021 and a 12-month defect liability period from the end of work at each block.</p> <p>See paragraph 4.3</p>
4 Options appraisal for tender procedure including consideration of collaboration opportunities	<p>This contract will be competitively tendered using a Direct Invitation to Quote based on a two stage restricted procedure.</p> <p>See paragraph 4.4</p>
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	<p>Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications are included within this report.</p> <p>See paragraph 4.5</p>
6 Evaluation criteria	<p>Cost 60% Quality 40%.</p> <p>Quality sub-criteria is provided within the report.</p> <p>See paragraph 4.6</p>
7 Any business risks associated with entering the contract	<p>Business risks and mitigation are identified within the body of the report.</p> <p>See paragraph 4.7</p>
8 Any other relevant financial, legal or other considerations.	<p>There are no other relevant financial, legal or other considerations.</p>

## 5. Implications

### 5.1 Financial Implications

The table below sets out approved or to be approved budgets. This highlights that there is a shortfall of £366,373 between approved budgets and current estimates. This increase will be met from either savings in other projects in Communal Emergency Lighting programme or additional resources will need to be requested from HMT.

The increases are likely to be as a result of approved change in brief; where schemes will now have central battery packs rather than within individual fittings, thereby saving on revenue costs.

Admin Unit Name	Estate	Package	Year	Approved budget £	To be approved budget £	Total Budgets
DIDBIN HSE	ANDOVER ESTATE	Lot 1	19/20		122,500	
DOCURA HSE	ANDOVER ESTATE	Lot 1	16/17	265,000		
NOLL HSE	ANDOVER ESTATE	Lot 1	16/17	inc Docura		
1-40 BESANT CT	BESANT COURT ESTATE	Lot 1	16/17	190,000		
GUERNSEY HSE	CHANNEL ISLANDS ESTATE	Lot 1	19/20		150,650	
JERSEY HSE	CHANNEL ISLANDS ESTATE	Lot 1	19/20		inc Gurnsey	
ILFORD HSE	DOVER COURT ESTATE	Lot 1	19/20		100,000	
MIDWAY HSE	EARLSTOKE ESTATE	Lot 1	15/16	200,000		
MOORGREEN HSE	EARLSTOKE ESTATE	Lot 1	15/16	inc Midway		
CONRAD HSE	MAYVILLE ESTATE	Lot 2	15/16	100,000		
BECKFORD HSE	MAYVILLE ESTATE	Lot 2	15/16	inc Conrad		
COLTASH CT	WHITECROSS ESTATE	Lot 2	14/15	95,000		
HALIDAY HSE	MILDMAY ESTATE	Lot 2	14/15	106,000		
MCINDOE CT	standalone not on an estate	Lot 2	16/17	210,000		
ORKNEY HSE	BEMERTON ESTATE	Lot 2	15/16	80,000		
1-68 CLIFTON CT	CLIFTON COURT ESTATE	Lot 2	14/15	103,000		

REDWOOD CT	standalone not on an estate	Lot 2	15/16	50,000		
DIXON CLARK CT	standalone not on an estate (TMO resident)	Lot 2	14/15	50,000		
FREARSON HSE	WESTON RISE ESTATE	Lot 2	16/17	342,000		
STELFOX HSE	WESTON RISE ESTATE	Lot 2	16/17	inc Frearson		
HURST HSE	WESTON RISE ESTATE	Lot 2	16/17	inc Frearson		
FOXCROFT	WESTON RISE ESTATE	Lot 2	16/17	inc Frearson		
SHARWOOD	WESTON RISE ESTATE	Lot 2	16/17	inc Frearson		
<b>Totals</b>				<b>1,791,000</b>	<b>373,150</b>	<b>2,164,150</b>
<b>Estimated Value of above blocks, in this report</b>						<b>2,530,523</b>
<b>Difference</b>						<b>366,373</b>

## 5.2 Legal Implications

The Council owes a duty to its tenants and leaseholders to ensure that the common areas of and installations in the blocks over which the Council retains control are kept in good repair and condition so that the premises are reasonably safe for their occupation (Section 11 Landlord and Tenant Act 1984, Health and Safety at Work etc. Act 1974, Occupiers Liability Acts 1957 and 1984 and Defective Premises Act 1976). Further, under the Regulatory Reform (Fire Safety) Order 2005, the council, as freeholder, is responsible for assessing fire safety in the common parts and exterior of the blocks and taking such general fire precautions as may reasonable be required to ensure that the blocks are safe

Accordingly the council has power to enter into a contract for the installation of communal emergency lighting (section 1 of the Local Government (Contracts) Act 1997) on the basis that it is required for the discharge of the Council's statutory duties. The Corporate Director for Housing and Adult Social Services has authority to approve procurement strategies in relation to contracts up to the value of £5,000,000.00 paid out of capital funds (Procurement Rule 18.1.2).

The installation of communal emergency lighting is a works contract for purposes of the Public Contracts Regulations 2015 (the Regulations). The estimated value of the contract is below the financial threshold for the application of the Regulations to public works contracts and therefore the contract does not have to be advertised in OJEU.0.00. However, the council's Procurement Rules require contracts over the value of £181,302,000.00 to be subject to competitive tender. In compliance with the requirements the council's Procurement Rules the

proposal outlined in the report is to advertise the contract using a competitive tender process. On completion of the procurement the contract may be awarded as required to the highest scoring tenderer subject to the tender providing value for money for the council.

An appropriate proportion of the costs of the contract will be recoverable from the leaseholders of the relevant properties pursuant to the service charges provision of their leases subject to the consultation requirements of section 20 of the Landlord and Tenant Act 1985 and the Consultation Regulations having been carried out.

### 5.3 **Environmental Implications**

The installation of the new LED lighting, will help reduce energy consumption for lighting by circa 75%.

The new installation will save time and money by reducing the need for monthly site tests where a remote test and monitor function will be built into the system. This will reduce the need for site attendance and the maintenance departments carbon footprint.

Where practical presence detectors and absence detectors are to be used, again saving the amount of electrical energy used.

All decommissioned materials are to be removed and disposed of in accordance with Waste Electrical and Electronic recycling conditions (WEEE).

### 5.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident Impact Assessment was completed on the 13<sup>th</sup> July 2018, the summary has been included. A summary is provided below: -

These works are to communal areas and plant rooms, etc. No work is to be undertaken within dwellings. Safeguarding risk has been mitigated by identifying:

1. Risk to residents
2. Risk to workforce

Risk has been categorised as low and has been reduced further by the following measures which are to be implemented:

The Council's Project Liaison Officer is to introduce the works teams to residents Tenant Management Organisations and or Resident Associations

Newsletters and site posted information updates on works and programme made available to all residents

Contractor(s) are to use directly employed staff

Contract teams are to wear lanyard i.d.'s

Contractor(s) task and activities are to be managed by a Risk Assessment Method Statement procedure

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## 6. **Reasons for the decision:**



6.1 The works to be procured are a compliant emergency escape lighting system for the designated escape routes.

## 7. Record of the decision:

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

**Signed by:**

**Interim Corporate Director of Housing & Adult Social Services**

Date

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