



## Key Decision Report of the Corporate Director

<b>Officer Key Decision</b>	<b>Date:</b> 24 April 2020	<b>Wards:</b> All
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<b>Delete as appropriate</b>	Exempt	Part-Exempt
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### APPENDIX 1 TO THIS REPORT IS NOT FOR PUBLICATION

## **SUBJECT: Contract Award for Communal Lighting and Power (including emergency lighting) to 24 Residential High Rise Tower Blocks**

### **1. Synopsis**

- 1.1 This report seeks contract award approval to replace power and lighting to communal and landlord areas at 24 residential high rise buildings in accordance with Rule 2.7 of the Council's Procurement Rules. The contract reference number is 1718-0512.
- 1.2 The Council does not have emergency lighting installed in these blocks. The proposed work is to install emergency lighting to escape routes and corridors in the communal areas.

### **2. Recommendations**

- 2.1 To award Lot 1 to Newmay Electrical Services who returned the most economical advantageous bid at £1,213,386.35.
- 2.2 To award Lot 2 to Newmay Electrical Services who returned the most economical advantageous bid at £1,371,362.60.

This work will be awarded as one contract.

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

4<sup>th</sup> May 2020

### **4. Background**

#### 4.1 Nature of the work

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

Condition reports and feasibility investigations have been undertaken to identify where the proposed work is required. These reports were 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 legislative requirements.

The specification for this work is for emergency lighting to communal areas using a central distributed 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
- Lighting on roof and within basement areas.

Items not included in the work:

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

#### 4.2 Estimated Value

The value of the project is £2,584,748.95 and funding has been set aside in the Capital Programme for this. The works are to be undertaken on a predicted 12-month programme plus a 12-month defects liability period (24 months).

#### 4.3 Timetable

The project can progress once the Contract Award report has been approved. The work has been procured as two lots and the programme of work will start with Lot 1 and Lot 2 at the same time. There is a concern that the project start may be delayed due to the current COVID-19 isolation restrictions.

These works are Section 20 notifiable. Leaseholders were issued Notices Of Intent in November 2018. Notices of Estimates were issued on the 24<sup>th</sup> February 2020.

During the consultation process, five leaseholder questions were asked, all of which were responded to individually.

#### 4.4 Options appraisal

There were four procurement options considered:

- (i) To procure on own as Islington Council
- (ii) To procure in partnership with another local authority
- (iii) To procure within an existing framework
- (iv) To procure in partnership with a maintenance contract

The principle benefits from procuring this work as Islington Council, outside of any framework or partnership include:

- autonomy in selection criteria and project management
- an independent competitive tender to identify the market rate to deliver the work.

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

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

To procure in partnership with a maintenance contract was discounted as the technical requirements of the proposed work are very specialised. No additional benefits were identified with this option.

#### 4.5 Key Considerations

This contract commits the winning contractor to employ one apprentice per million pound spend. There will therefore be two apprentices directly employed on this contract.

Islington Council is a London Living Wage employer. All staff working on this contract will be paid the London Living Wage.

The winning contractor has agreed to support and encourage all employees with the adoption of the Sugar Smart Campaign and the adoption of the Healthy Workplace Charter.

The winning contractor will have membership of The Islington Sustainable Energy Partnership and will contribute to the scheme's initiatives.

#### 4.6 Evaluation

The tender used the two stage Restricted Procedure. Stage 1 involved selection criteria through a Selection Questionnaire (SQ). Stage 2, an invitation to tender (ITT). There were seventeen expressions of interest at SQ stage. Five contractors were invited to tender; one contractor withdrew and one contractor did not file a return. Thus three tenders were reviewed.

These were evaluated on the basis of price, quality and ability to deliver the contract to determine the most economically advantageous offer.

Tenderers' answers were assessed with emphasis on how much thought and problem solving the tendering contractors would bring to project.

The award decision has been made on the basis of the most economically advantageous tender (MEAT). MEAT has been identified using 60% Cost and 40% Quality.

The questions asked were designed to assess the contractors' suitability to deliver the work (i) safely; (ii) to the performance specification criteria; (iii) to the programme – an outline programme was provided with the tender documents; (iv) to assess the tenderer attitude and ability toward workmanship and previous experience in delivering similar electrical systems to high-rise residential block buildings.

#### 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 no emergency lighting in these blocks, which is a concern if a fire occurred in one of these blocks.

For the duration of the contract risk will be managed by:

- (i) A robust risk assessment method statements process
- (ii) Carrying out monthly progress meetings with the contractor
- (iii) Managing resources against the contractor's works programme.

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 complete an 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.

The contractor has signed a confirmation statement as part of the tender return.

The approach for undertaking the work will help generate savings from the revenue budget as the distributed battery backed emergency lighting specification has a remote testing and monitoring facility. This removes the requirement for maintenance operatives to attend site monthly to undertake compulsory testing of the installation.

## 5. Implications

### 5.1 Financial implications

This report seeks approval for the award of the contract to install power and lighting (including emergency lighting) to 24 high-rise blocks.

The MEAT for lots 1 & 2 were submitted by Newmay Electrical Services Ltd. and total £2,584,748.95. The 2 lots will be let as a single contract.

The approved 2020-2021 to 2022-2023 major works capital programme for communal lighting stands at £8.256m and includes this scheme (YHH1642). As an identified project there is sufficient capital budget provision set aside to accommodate these works.

The estimated recharge to leaseholders for 232 properties is £505,679.44.

## 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 and contribution to achieving a net zero carbon Islington by 2030**

The installation of the new lighting will have environmental implications that include the use of building materials, contractor travel, waste generation (the old light bulbs (lamps) and fittings) and ongoing energy use from the new lighting.

By using LED lighting with presence detectors and absence detectors energy savings of up to 75% will be gained. Furthermore, a remote test and monitor function is to be built into the installation. This will remove the need for physical site inspections and reduce travel by the maintenance department.

All decommissioned materials will 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 has been completed and is attached to this report as appendix 2.

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

- 6.1 These works will provide compliant emergency escape lighting to 24 high rise residential blocks.

This work will reduce the risk of accident or harm to residents in the event of a power outage by providing an emergency, battery backed lighting system for a minimum of three hours to all escape routes within the communal areas.

#### 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.

#### **Appendices**

- Appendix 1 Tender Evaluation - Exempt  
Appendix 2 Resident Impact Assessment

#### **Final report clearance**

##### **Signed by:**

**Corporate Director of Housing**

**Date:**

Report Author: Wesley Carlisle-Goldthorpe  
Tel: 020 7527 8597  
Email: [W.Carlisle-Goldthorpe@islington.gov.uk](mailto:W.Carlisle-Goldthorpe@islington.gov.uk)

Financial Implications Author: Lydia.hajimichael  
Tel: 020 7527 5160  
Email: [lydia.hajimichael@islington.gov.uk](mailto:lydia.hajimichael@islington.gov.uk)

Legal Implications Author:  
Tel:  
Email:

David Daniels  
020 7527 3277  
[david.daniels@islington.gov.uk](mailto:david.daniels@islington.gov.uk)