

REPORT TO: CABINET

DATE: 5 DECEMBER 2019

TITLE: REPLACEMENT OF WATER MAIN & CENTRAL HEATING SYSTEMS INCLUDING DECOMMISSIONING OF SE DUCTS & ASSOCIATED HEATING WORKS AT MOOR TOWER, NICHOLLS TOWER, STORT TOWER AND EDMUNDS TOWER, HARLOW - PROJECT NO. 19/051

PORTFOLIO HOLDER: COUNCILLOR MARK WILKINSON, PORTFOLIO HOLDER FOR HOUSING

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING (01279) 446676

This is a Key Decision

It is on the Forward Plan as Decision Number 1010640

This decision is subject to Call-in

This decision will affect Bush Fair, Little Pardon & Hare Street and Mark Hall Wards.

RECOMMENDED that:

- A** The most economically advantageous tender submitted by Contractor A is accepted in the sum of £2,739,481.88 subject to subject to contract and Leaseholder consultation.

REASON FOR DECISION

- A** To enable the Council to enter into a contract for the works in compliance with Contracts Standing Orders for the removal of obsolete warm air ducts.

BACKGROUND

1. The Council has 14 tower blocks, four of which are heated by warm air (SE ducts). These existing Warm Air Heating Systems within the flats to the four tower blocks are now obsolete with difficulty maintaining and repair.

2. Due to an increasing rate of complete failures and the non-availability of parts or new systems, the Council has reviewed the current method of heating for the blocks as part of its wider asset management plans.
3. The aftermath of the Grenfell Fire in June 2017 has also meant that current asset management plans need to be reviewed aligned to updated fire risk assessments. In dialogue with the Essex Fire and Rescue Service regularly, who regularly undertake fire safety compliance inspection, consideration should be given to the decommissioning of the SE Ducts in five Tower Blocks, which included Willowfield Tower, and the four Tower Blocks detailed to receive works under this proposed contract.
4. A pilot was completed at Willowfield Tower in 2019 to determine how best to package a replacement programme, learning any lessons regarding design, alternative arrangements and tenant/leaseholder consultation. This should maximize transfer of the learning and cost efficiencies achieved on the sites and develop a programmed/phased approach.
5. The works will consist of the removal and decommissioning of the old warm air heating system, including removal of the SE Duct and the new installation of gas combination boilers and replacement heating distribution systems. A new boosted water supply will be installed with additional pumping equipment and external pipework to achieve the required pressure to operate the new combination boilers.
6. It is expected for the programme will commence in January 2020 and be completed within ten months.

ISSUES/PROPOSALS

The Procurement Process

7. The works have been subject to a competitive tender process, in line with the Council's procurement procedures. The selected form of contract is JCT Intermediate Building Contract with Contractors Design 2016 incorporating Harlow Council's preferred amendments and all accompanying documents. In view of the relatively short term and standalone nature of the works the tender comprised of a 70 percent price and 30 percent quality weighting.
8. Seven contractors were invited to submit tenders each of which had satisfied the Council's pre-tender checks. Five compliant tenders were received by the deadline.

9. Bids were evaluated against a pre-determined evaluation model. Quality evaluations were completed by a panel of four and this assessment was concluded prior to prices being released.
10. A detailed tender analysis has been undertaken. As part of this process several qualifications, clarifications, and where appropriate, amendments were sought from tendering contractors.
11. The final prices, weighted scores and rankings are shown below:-

| Contractor | Quality Weighted Score % | Total Price £'s | Price Weighted Score % | Total Points Score | Ranking |
|---------------------|---------------------------------|------------------------|-------------------------------|---------------------------|----------------|
| Contractor A | 30.00 | 2,739,481.88 | 70.00 | 100.00 | 1 |
| Contractor B | 26.64 | 2,836,408.98 | 67.61 | 94.25 | 2 |
| Contractor C | 24.55 | 3,731,299.92 | 51.39 | 75.95 | 5 |
| Contractor D | 22.47 | 3,265,527.22 | 58.72 | 81.19 | 4 |
| Contractor E | 29.19 | 3,512,068.50 | 54.60 | 83.79 | 3 |

CONCLUSIONS

12. Contractor A has submitted the most advantageous bid overall and, furthermore, has provided both the lowest price and highest ranked quality submission. Our conclusion is that Contractor A's bid provides good value for money and demonstrates that they will be capable of delivering the works to the standard required by the Council.

NEXT STEPS

13. **Important Note that will affect progression of this contract:** The Government have recently made amendments to the Building Regulations concerning high rise flats. This is in the wake of the Grenfell disaster in 2017.
14. One of the changes, which has already come into force, without industry consultation, is that no product containing combustible material is allowed to pass through the external wall of the building. This, by definition, includes the flue liner pipe for wall mounted gas boilers to be installed as this part of this programme of works.
15. As of December 2018, this Regulation affects all buildings higher than 18 metres, ruling out a traditional gas boiler installation. In addition, the regulation applies to retrofit as well as new build. So, as the Regulations stand today, properties with

an existing gas boiler and flue will not be permitted to have it replaced and, likewise, properties with no existing gas boiler and flue will not be permitted to have one installed.

16. Boiler manufacturers are currently exploring technical solutions for this issue and are also in communication with the Government to look at ways in which the new restrictions can be overcome with different technologies and materials. They are also discussing the possibility of relaxation of the ruling specifically to gas boilers to allow these solutions to be properly developed. It is noted that currently there is an exemption to this ruling for the installation of windows. The exemptions list is currently under review but at present no timescales have been communicated in regards to the timescales associated with this.
17. It is our understanding that Central Government have in the meantime advised that Local Authorities should consider on a case by case basis, whether it is appropriate to dispense with this Regulations pursuant to Section 8 of the Building Act which states that any public body can dispense with any requirement of Building Regulations if they consider it unreasonable. The Council are therefore urged to engage with the Building Control services for an assessment of all four towers relative to this Regulation and the feasibility of the proposed works programme in order that a confirmed position can be reached and documented. **It is essential that this process is concluded; and works are confirmed as permitted; prior to progressing to contract award in order to minimise the Council's exposure to the contractual risks associated with this matter.**
18. The relevant statutory consultation with leaseholders (Notice of Estimates) is due to commence in November 2019 and conclude in early January 2020.
19. A contract lead in period of at least six weeks is necessary in order for the contractor to mobilise their supply chain and internal resources. It is anticipated that works will commence on site late January 2020.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT and Properties & Facilities)

The costs of the works outlined within the report will be met from existing resource allocations within the Housing Capital Programme.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

As outlined in the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

This procurement is compliant with contract standing order requirements as outlined in the report and appropriate advice has been sought during the process.

Author: Julie Galvin, Principal Solicitor (Procurement and Property) on behalf of Simon Hill, Head of Governance

Appendices

None.