



Ealing Borough Council

Democratic Services

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Venue: Urgent Individual Cabinet Member Decision (ICMD)

Date and Time:

Tuesday, 21 April 2020 at 09:00

MEMBERSHIP: Councillor Mason

AGENDA

- 1 **Urgent Matters**
- 2 **Declarations of Interest**
- 3 **Matters to be Considered in Private**
- 4 **Approval of Works Tender – Copley Regeneration Programme – 3 - 12**
Phases 6 & 7 Energy Centre

Paul Najsarek, Chief Executive, 8 April 2020

Contains Confidential or Exempt Information	YES (Part) Appendices 1 & 2 contain Exempt Information by virtue of Paragraph 3 of Schedule 12A to the Local Government Act 1972
Title	Approval of Works Tender – Copley Regeneration Programme – Phases 6 & 7 Energy Centre
Responsible Officer(s)	Philip Browne, Director of Housing Development brownep@ealing.gov.uk
Author(s)	David Colley, Regeneration Manager colleyd@ealing.gov.uk
Portfolio(s)	Housing – Councillor Peter Mason
For Consideration By	Councillor Peter Mason
Date to be Considered	21 st April 2020
Implementation Date if Not Called In	5 th May 2020
Affected Wards	Cleveland
Keywords/Index	Copley regeneration programme, Phases 6 & 7, Energy Centre, appointment of contractor.

Purpose of Report:

The purpose of the report is to approve the award of a works contract to a mechanical and electrical contractor to undertake the replacement of all plant, equipment and boilers at the existing plant room at Copley Close.

1. Recommendations

It is recommended that the Portfolio Holder:

- 1.1 Authorises the award of a contract to G&D Higgins Mechanical Services Limited to the value of £1.456m.
- 1.2 Authorises the Director of Housing Development to set aside a client contingency sum of £0.150m, this being appropriate for the contract sum and risk profile of the project.
- 1.3 The total estimated cost of this contract is therefore £1.606m. This will be funded from the approved Copley Close phase 6 energy centre budget within the approved capital programme for the relevant years. Further details are provided in Financial Implications Section 4.

- 1.3 Note the options appraisal process that is currently being conducted to evaluate the best approach to tackling the design and repair issues at Copley Phase 7 (Greater Copley).

2. Reasons for Decision and Options Considered

- 2.1 A report to Council's Cabinet on 16th February 2016 outlined the future direction of the delivery of the Copley regeneration programme, splitting the project into seven distinct phases.
- 2.2 A further report to Council's Cabinet on 18th June 2019 approved the award of a tender to Hill Partnerships Ltd to undertake the construction of 201 new homes as part of phase 6 of the Copley scheme, together with a brand new community square, upgraded open spaces and play area, commercial/retail space and a new community centre.
- 2.3 This report requests the authority of Cabinet to award a contract to G&D Higgins Mechanical Services Limited to undertake works to replace life expired plant and equipment at the Copley plant room currently serving the 337 existing homes at: Monmouth Court, Oxford Court, Paddington Court, Pembroke Court, Radnor Court, Shropshire Court, Somerset Court, Stafford Court and Cheyne Path.
- 2.4 The new plant will act as an energy centre to supply the existing blocks and the 201 new homes currently under construction at Phase 6 of the scheme, and due for phased hand-over between September 2021 and March 2022. This will assist the development to achieve an overall 35 percent reduction in carbon dioxide emissions as mandated in the Copley energy strategy, which is a requirement of the detailed planning consent for the scheme.
- 2.5 Whilst Cabinet in February 2016 authorised the Executive Director of Place, in consultation with the Director of Legal & Democratic Services, to invite tenders and award contracts for all future works at Copley, the tender sum for this service requires specific Cabinet approval under the Council's Contract Procedure Rules and Council Constitution.
- 2.6 The original masterplan for the estate, dating from 2012, envisaged that Phase 7 Greater Copley (comprising blocks outlined in paragraph 2.3) will be comprehensively refurbished, with extensive public realm and open space improvements. Scoping of this option has revealed the potential costs of this option are likely to be very high, and greater than the current budget allocation. An options appraisal is currently being carried-out to examine the various approaches that could be adopted going forward.

3. Key Implications

- 3.1 The value of the Energy Centre contract was originally assessed at close to the EU threshold for Works (currently £4.733m). Ealing Council therefore initially issued a Prior Information Notice (PIN) via the Procontract - Due North Tender Portal to establish the market's interest in the contract opportunity.

Subsequently, further work to take forward scoping of the refurbishment of blocks comprising Phase 7 suggested it to be prudent to carry-out an options appraisal process to further consider the future of these blocks, owing to likely rising costs.

- 3.2 Given the on-going options appraisal process, the renewal of pipework to residential properties at phase 7 was subsequently removed from the tender specification. This reduced anticipated tender costs for the energy centre renewal to well below the OJEU threshold for capital works. It was therefore no longer necessary to carry out a full OJEU procurement process and the PIN was abandoned.
- 3.3 Following the abandonment of the PIN, companies from Construction Line were asked to submit tenders against the revised specification. Valid tenders were received from two of the tenderers.
- 3.4 The tenders contained some qualifications and exclusions relating to items in the contract. These have been analysed by the Council's appointed consultant and are presented as part of the Tender Report at Confidential Appendix 1.
- 3.5 The tender received from G&D Higgins Mechanical Services Limited demonstrates the most economically advantageous tender and is therefore recommended as the successful bid for this tender.
- 3.6 The Form of Contract shall be IET MF/1 Model, for the design, supply and installation of electrical, electronic and mechanical plant 2014 edition (rev 6). It is anticipated the contract will be entered into during May 2020.
- 3.7 The full specification of works includes for the following:
 - Three new energy efficient condensing boilers,
 - Zonal pump assemblies
 - Buffer vessels
 - New flue systems
 - Expansion and water treatment equipment
 - Pipework installation
 - Electrical installation and controls that can remotely monitor system performance.
- 3.8 It is expected the works will take a period of 22 weeks to deliver, plus three weeks pre-contract set-up time.
- 3.9 A further report outlining options for Phase 7 of the scheme will be presented to Cabinet once the options appraisal process has been completed.

4. Financial Implications

- 4.1 The energy centre works contract will be funded by the approved Copley phase 6 energy centre capital programme budget of £2m profiled as £1.5m in 2020-21 and £0.5m in 2021-22.

- 4.2 The estimated contract expenditure of £1.606m is planned to be spent during 2020-21 and 2021-22 financial years.

5. Legal

- 5.1 Although the energy centre procurement was initially progressed as an OJEU compliant process, and was advertised on the Procontract - Due North Tender portal to manage the process, the change in specification resulted in the expected tender sum being substantially reduced, and the OJEU process was therefore terminated.
- 5.2 Further legal comments on the procurement procedure are detailed in Confidential Appendix 2.
- 5.2 The energy centre contract will be executed in the form of MF/1 Rev 6 Form of Contract.
- 5.3 Under the terms of the contract G&D Higgins Mechanical Services Limited will be responsible for obtaining professional warranties and insurances as required.
- 5.4 Notices of Intention consultation notices to carry-out works under Section 20 of the Housing Act 1985 were issued to the 53 leaseholders on 17th October 2019.

6.0 Value for Money

- 6.1 The council's consultants and officers have evaluated tenders for the energy centre contract to establish the most economically advantageous tender to the council.
- 6.2 Value for money has been obtained through competitive tendering of the contract.
- 6.3 The costs of the project are monitored as part of the financial monitoring and control cycle which is completed monthly.

7. Sustainability Impact Appraisal

- 7.1 One of the key aims of the Copley regeneration programme is to increase sustainability of the neighbourhood, both through improving cost-in-use of existing homes being refurbished and building new homes to a very high standard of energy efficiency. Measures will be incorporated to address fuel poverty by making buildings highly insulated to reduce heating costs.
- 7.2 The scheme will be constructed to London Plan standards and meet Lifetime Homes requirements. Ten percent of all the new homes being constructed will be built to full wheelchair adaptability standards, across all tenure types.
- 7.3 In relation specifically to this scheme, the adoption of a central energy centre to provide the existing 337 homes at Phase 7 and 201 new homes at Phase 6 will,

together with the use of renewable energy (PV cells) and improved insulation, aim to reduce the overall emission of carbon dioxide by 34 percent, as required by the Copley energy strategy. The Copley energy strategy is an integral part of the masterplan for the scheme.

8. Risk Management

- 8.1 As with all major projects, there is risk attached to the delivery of the Copley regeneration programme. There are established processes for managing Capital projects and risks are identified and managed as part of the project management process.
- 8.2 The tendering process complied with Contract Procedure Rules and the Public Contracts Regulations 2015, reducing the risk of legal challenge.
- 8.3 The contractor has been fully vetted via one of the major credit reference agencies and found to be at low risk of insolvency.
- 8.4 The project has been subject to risk management by developing the scheme to an appropriate level involving architects, structural engineers and mechanical & electrical consultants; Intrusive surveys to establish ground conditions and the checking of utilities were also commissioned.
- 8.5 The scheme is being managed onsite by an accredited and experienced project manager and cost consultant, and a clerk of works has been employed directly by the Council to ensure high risk elements of the build, such as fire stopping measures, are monitored throughout the build period.

9. Community Safety

None specific to the award of this contract, but for phase 6 construction as a whole:

- 9.1 There will be three major construction projects on-going simultaneously at Copley including this contract. This does present logistical challenges given the site restrictions, which comprises a long, linear roadway of restricted width entered by a limited number of residential streets. All construction contractors have been required to prepare a construction management plan which takes account of safe working in a residential neighbourhood.
- 9.2 Special attention is being paid to the contractor's Traffic Management Plan to ensure the safety and security of residents living in the area whilst the work is in progress.

10. Links to the 3 Key Priorities for the Borough

The council's administration has three key priorities for Ealing. They are:

- **Good, genuinely affordable homes** - The regeneration of estate will provide genuinely affordable high-quality housing in line with this priority. All retained

council homes are to be comprehensively refurbished, with extensive improvement made to the public realm, which will all remain at council level rents. There will be an uplift in the number of homes on the estate of circa 140 units, and these new homes will either replace existing homes at social rent levels, or help cross-fund improvements to those being retained.

- **Opportunities and living incomes** - The regeneration of estate will provide genuinely affordable high-quality housing in line with this priority. The provision of apprenticeships will help young people to achieve and compete in the labour market. The improving of the area around a Crossrail feeder station will provide the conditions for growth in the borough.
- **A healthy and great place** - The new approach to housing management being unlocked by the regeneration programme will help support residents to be independent despite health issues, and provide lifetime homes for new residents, ensuring this continues. Outdoor gym equipment is planned for the new Chimney Square close to the new Phase 6, and with reduced parking ratios (with twenty percent of spaces electric charge enabled, and a further twenty percent charge-ready), Car Club with 3-years free membership for residents, ample cycle storage including a bike hire dock, and good accessibility to public transport, Copley will truly become a neighbourhood where a better, healthier environment is actively encouraged.

11. Equalities, Human Rights and Community Cohesion

- 11.1 An Initial Equalities Assessment has been carried out and no adverse effects on prescribed groups were identified. The regeneration programme is designed to be of benefit to all members of the community and make a long term positive contribution to the neighbourhood, regardless of age, dependent/caring responsibilities, disability, gender, racial/ethnic group, religion/belief, sexual orientation, transgender or transsexual state.
- 11.2 The overall aim of the regeneration programme is to make a positive contribution by providing new, high quality housing that better meets the needs of all existing residents.

12. Staffing/Workforce and Accommodation implications:

- 12.1 None.

13. Property and Assets

- 13.1 The land is not on the planned list of property disposals.
- 13.2 In 2008, Copley Close was identified as a 'High Interventions Estate' and that improvement work above Decent Homes Standard was required.
- 13.3 Some of the units will be built for sale as part of the council's strategy to fund the regeneration works.

14. Any other implications:

14.1 None specific.

15. Consultation

15.1 Local residents were fully consulted during the master planning process and had direct input into the design of the new and refurbished homes. Residents continue to be consulted about the project through the Copley Steering Group which meets on a monthly basis. The council and the Steering Group jointly made the decision to appoint an Independent Advisor (PPCR) to help re-establish the Steering Group, develop a terms of reference and work plan for the group and to build new membership.

15.2 There are regular newsletters and a bespoke website www.copleyhanwellw7.com has been established and widely publicised.

15.3 The Council have committed to hold regular information days, and the last of these held in June 2019 attracted over 40 visitors.

16. Timetable for Implementation

16.1 Specific to this phase of development, the approximate timetable for the delivery of the new energy centre is outlined below:

Enter into formal contract with contractor	May 2020
Contractor takes site possession	June 2020
Strip-out of existing equipment	Aug 2020
Installation of new boilers	Nov 2020
Testing and commissioning of new equipment	Oct/Nov 2020
Expected completion of energy centre installation	Nov/Dec 2020

17. Appendices

- Appendix 1 – Confidential - Tender Report.
- Appendix 2 – Confidential – Procurement Risk Assessment.

18. Background Information

18.1 Report to Council's Cabinet 17th December 2013

18.2 Report to Council's Cabinet 16th February 2016

18.3 Report to Council's Cabinet 20th March 2018

18.4 Report to Council's Cabinet 10th July 2018

18.5 Report to Council's Cabinet 18th June 2019

18.6 Report to Council's Cabinet 11th February 2020

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal:				
Peter Mason	Portfolio Holder, Housing & Planning	12/03/2020	N/a	
Tony Clements	Executive Director, Place	12/03/2020	N/a	
Philip Browne	Director, Housing Development	12/03/2020	N/a	
Jackie Adams/Chuhr Nijjar	Head of Legal & Democratic Services/Senior Contracts Lawyer	12/03/2020	15/03/2020	Section 5; Confidential appendix 2
Simon Peet/Yilani Gunarajah	Head of Technical Finance	12/03/2020	15/03/2020	Paras 1.3 & 1.4; Section 4

Report History

Decision type:	Urgency item?
Key decision	No
Report Author:	David Colley, Regeneration Manager colleyd@ealing.gov.uk x5833.

