

Report for: Cabinet Member for Housing, Regeneration and Planning

Item number: TBC

Title: Award of contract for design and enabling works for Broadwater Farm district heating system

Report authorised by : Helen Fisher, Director of Housing, Regeneration and Planning

Lead Officer: David Sherrington, Director of Asset Management, Homes for Haringey

Ward(s) affected: West Green

**Report for Key/
Non Key Decision:** Key decision

1. Describe the issue under consideration

Recent structural surveys have identified that 10 of the 12 blocks on the Broadwater Farm estate do not meet building regulations for Large Panel System (LPS) blocks using piped gas supplies.

An option appraisal has concluded that a new district heating system is the most appropriate remedy.

This procurement is a two stage process. Stage one is for design and enabling works. Stage two is for installation and commissioning. This report seeks the approval of stage one - an initial contract via the London Housing Consortium N7 framework ("LHC framework") to enable design of the new system and other enabling works that will be required.

A further contract with firm costs for the remainder of the programme will be presented to Cabinet once full design has been concluded and has been priced.

2. Cabinet Member Introduction

n/a

3. Recommendations

For the Cabinet Member for Housing, Regeneration and Planning, pursuant to Contract Standing Order 16.02 to approve the appointment of Engie LTD (formerly Keepmoat LTD) through the LHC framework (N7 - workstream three) for design and enabling works for a new district heating system on the Broadwater Farm estate.

4. Reasons for decision

Homes for Haringey require specialist support to undertake the works outlined in this report.

5. Alternative options considered

Homes for Haringey could have run an open procurement process instead of using the LHC framework. This was discounted as the scope of works within the LHC framework met the requirements of the project and will enable works to start sooner.

Homes for Haringey could have delivered the project in-house. Homes for Haringey do not have the necessary skills in-house to make this option viable.

The 'do nothing' approach was discounted as the blocks do not meet building regulations and works are required to mitigate the risks identified.

6. Background information

Structural surveys undertaken since December on the Broadwater Farm estate have identified that the following blocks do not meet the required building regulations for blocks with piped gas supplies:

- Rochford, Stapleford, Martlesham, Debden, Croydon, Hawkinge, Manston, Lympe, Tangmere and Hornchurch.

An option appraisal was carried out to determine the most appropriate solution to this issue. This appraisal considered three options: strengthening the blocks to meet the required standard; upgrading the estate for electric heating and hot water provision, or installing a new district heating system. The consulting engineers appointed recommended the provision of a new district heating system and this recommendation was subsequently discussed and agreed with the Council officers and the estate's residents' association.

We are required to do this work urgently as while piped gas remains within the 10 buildings outlined above there is a risk, although very low, of progressive collapse in the event of a gas explosion. This risk has been partly mitigated already by the removal of gas cookers and the fitting of gas sensors and shut off valves to the vast majority of the properties in affected blocks, with the intention to reach all of the affected properties. The district heating works will eliminate the identified risks entirely. However, that permanent solution cannot be designed and installed before October 2018, the date by which the gas supplier has agreed with the Council that such works should be completed to allow the gas supply to be shut off. Therefore, a temporary system will be installed first as part of the installation process, entailing heating and hot water being fed from temporary boilers at the base of each block. Following this, each block will be linked up to the main boiler house in the energy centre to provide heating and hot water. Phasing the work in this way facilitates the removal of gas from the blocks at an earlier date. As stated above, this decision relates to stage one of the works, the initial contract to enable design of the new system and enabling works that will eventually lead to the installation described.

Proposed work for stage 1

- Measured surveys, topographical surveys, GPR surveys
- Design work
- Design management
- Asbestos Surveys

- Stripping out of redundant pipework to blocks
- Commencement of gas pipework alterations
- Installation of risers and pipework external to the blocks
- Order and commence installation of temporary boilers
- Order and commencement of scaffolding
- Preliminaries to cover the management and site set up of the enabling works
- Instruction to start manufacture of Heat Interface Units (HIUs) due to long lead in times on manufacture

In addition to the blocks outlined above, the two tower blocks on the estate - Northolt and Kenley - are served by an existing district heating system. This system is beyond its useful life and it is therefore economically advantageous to replace this in parallel to this work and design a new energy centre with capacity to serve the whole estate. Design for this work will commence in parallel to the rest of the estate. It is not feasible to separate this design and enabling work from the rest of the estate as all blocks will be fed from a central energy centre.

Consultation

The residents' association has been consulted on these works and all residents have been written to notifying them of the decision to install a district heating system. The residents' association have requested site visits to estates with existing district heating systems which the project team is arranging. There have also been questions raised about the future billing, metering and servicing arrangements which Homes for Haringey have advised will be procured and consulted on separately.

Further consultation and engagement events will be undertaken ahead of the works starting including drop in events and door knocking.

Tender

These works are being procured through the LHC framework (N7 - workstream 3). The LHC framework was tendered through the OJEU process and Haringey Council has registered with the LHC allowing the council to call off from the framework. Rates relating to the outlined work have been competitively assessed through this process.

Supervision and Management costs

Fees and services have been set for this project in accordance with the pricing framework for consultancy services with Ridge LLP. The following services are being provided:

- Project Management
- Cost consultancy
- Principal Designer
- Mechanical and Electrical Designer

The total fees for this element of the project are £70,194 which represents 3.25% of the contract sum.

Project team

- Project Manager: Ridge LLP
- Cost consultant: Ridge LLP
- Principal Designer: Ridge LLP
- Mechanical and Electrical designer: Ridge LLP
- Client Representative: Homes for Haringey
- Clerk of Works: Homes for Haringey
- Tenancy Management: Homes for Haringey
- Estate Services: Homes for Haringey
- Leasehold services: Homes for Haringey

Leasehold implications

As a result of applications made under the Right to Buy legislation, there are 116 leaseholders living in the properties affected by the works described in this report.

Under the terms of their lease the lessee is required to make a contribution towards the cost of maintaining in good condition the main structure, the common parts and common services of the building. Such contributions are recovered by the freeholder through the lessees service charge account.

Officers are considering the extent to which it is appropriate and permissible to recharge the cost of these works under these provisions, and will make recommendation in a subsequent report.

Sustainability comment

The procurement of materials and components to be used during the programme will involve the selection of products that have a minimal impact on the environment.

The scheme will be carefully designed where possible to allow for minimising waste during the construction and consideration given to the useful life of the products.

The contractor is registered and complies with the Considerate Constructors Scheme.

Budget

This project will be funded from the Broadwater farm budget within the 2018/19 capital works programme.

The scheme is estimated to cost £2,075,711 and is expected to be expended within the 2018/19 financial year.

Conservation areas

Properties within this project are not within a conservation area.

Health and Safety implications

The contractor has been assessed as competent under the Construction Health and Safety Assessment scheme (CHAS), which is an industry wide body. They also comply with the requirements of the Council's Health and Safety policy.

The Construction (Design and Management) Regulations 2015 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Principal Designer before works commence on site.

7. Contribution to strategic outcomes

Priority 5 - to create homes and communities where people choose to live and are able to thrive.

8. Statutory Officers comments

Finance

In the February 2018 MTFs report approved by Cabinet, an amount of £11.5m has been set aside within the 2018/19 housing revenue account capital programme for the urgent remedial works on Broadwater Farm estate. This budget is based on draft costings provided early within the feasibility stage and will be reassessed once the full design has been completed and priced.

This report recommends the appointment of Engie (formerly Keepmoat) through the LHC framework (N7 workstream three) for design and enabling works for a new district heating system on the Broadwater Farm estate.

The selection of the contractor is in line with Contract Standing Order 16.02.

The initial contract award is estimated to cost £2,075,711 and it will be contained within the housing revenue capital programme.

Strategic Procurement (SP) – MM180418

SP notes that this report relates to the approval of an initial contract to accommodate necessary design and enabling works for a new district heating system on the Broadwater Farm estate. SP appreciates the urgency of this award and the proposed 2 stage approach.

SP acknowledges the 1st stage approach of appointing Engie LTD (formerly Keepmoat LTD), on a direct award basis, through the LHC N7 Energy Efficiency and Refurbishment Framework (workstream 3) for the design and enabling works elements and confirms that the LHC Framework does accommodate the engagement of Engie Ltd via Direct Award within its respective LOT.

SP notes that this award is estimated to cost £2,075,711 which is expected to be expended within the 2018/19 financial year.

Under CSO 16.02), SP has no objection to approve the appointment of Engie LTD (formerly Keepmoat LTD) on a direct award basis via the LHC N7 Framework (workstream 3) for specific design and enabling works relating to the new district heating system on the Broadwater Farm estate.

Legal

The Assistant Director of Corporate Governance notes the contents of the report.

The Council is registered with the London Housing Consortium and is therefore allowed to call off contracts under the LHC framework.

The Assistant Director of Corporate Governance sees no legal reasons preventing the Cabinet Member for Housing, Regeneration and Planning from approving the recommendations in the report.

Equality

The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

The Council and Homes for Haringey are confident that the correct process has been followed to ensure that the contractor will have the correct equalities policies in place. The first stage of LHC framework (N7 - workstream 3) included the criteria 'Equal opportunity and diversity policy and capability'.

Broadwater Farm's tenant and leaseholder population as a whole has the following demographic key features.

Compared to the borough's population as a whole there are:

- Slightly more women
- Significantly more black residents
- Significantly fewer white residents

Compared to council owned and HfH managed properties as a whole there are:

- Slightly more men
- Slightly fewer disabled residents
- More black residents
- Slightly fewer white residents

Ensuring the safety of all residents is a priority for the Council, and ensuring the safety of all tenants and leaseholders is a priority for the Council and Homes for Haringey. This decision will help to ensure that residents living on Broadwater Farm are living in safe homes.

9. Use of Appendices

Not applicable

10. Local Government (Access to Information) Act 1985