

**Report for:** Cabinet 12 November 2024

**Title:** Electrical Installation Condition Reports – Procure Contractor (2025 – 2030)

**Report authorised by:** Director of Placemaking & Housing.

**Lead Officer:** Scott Kay – Head of Residential Building Safety.

**Ward(s) affected:** All

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

1. This report seeks approval in accordance with CSO. 9.07.1 (d) to award a contract for up to five years for the provision of planned maintenance, repairs and testing Electrical Installation Condition Reports (EICR) compliance for domestic electrical and communal electrical distribution systems.

## **2. Cabinet Member Introduction.**

Every resident deserves a safe and secure home. Ensuring that electrical installations within our council homes are well maintained, safe and compliant is a key tenet of our voluntary undertaking to the Regulator for Social Housing and the Regulator's Safety and Quality standard for housing. This contract seeks to provide inspections, identify any potential faults, and quickly remediate any issues without delay.

It is both our preference and intention to undertake these works wherever possible, through our direct labour organisation. We will keep the service under review whilst looking to build a suitable team to provide the inspections 'in house'.

In the meantime, the use of competent external contractors for such technical and skilled works is the most appropriate, value for money option, fulfils our continued statutory obligation and my top priority - keeping residents safe.

## **3. Recommendations**

The Cabinet is asked:

- 3.1 To approve the award to Tenderer A of a contract and associated expenditure for the provision of planned maintenance, repairs and testing of, and, Electrical Installation Condition Reports (EICR), for domestic and communal electrical distribution systems for an initial two (2) years, plus up to three (3) annual extensions of one (1) year each (total maximum five (5) years), for a base contract value of **£5,893,605.30**, plus inflation subject to annual review and considerations as detailed in the Exempt part of the report, with a proposed start date of **1<sup>st</sup> February 2025**, using the JCT Measured Term 2016 form of contract.
- 3.2 To delegate the three annual extensions of one year each, and associated contract sums to the Director responsible for Housing in consultation with the Cabinet Member for Housing and Planning.
- 3.3 To allow for the provision of a letter of intent if any works need to be undertaken prior to the formal contract being executed.

#### **4. Reasons for decision**

- 4.1 Haringey implemented 2 temporary EICR contracts in September 2022 to complete the backlog of overdue and non-compliant EICRs, which were subsequently self-reported to the Regulator for Social Housing and committed to completing via a Voluntary Undertaking in April 2023.
- 4.2 A procurement was undertaken in October 2023 for a 2-year Contract plus 3 x 1-year extensions, although the contract was awarded to a bidder in May 2024 the award had to be revoked on the advice of the chief procurement officer due to a challenge on the social value submission relating to the initial contract amount at the time.
- 4.3 A new temporary direct awarded contract was therefore issued to 2 contractors for a period of 6 months commencing 1<sup>st</sup> August 2024 until 31<sup>st</sup> January 2025 at a value of £100,000 per contractor to meet our requirement & commitment to deliver the continued EICR programme.
- 4.4 Therefore, we had to undertake a new tender process to re-procure for a new long-term 5-year EICR contract to continue with the EICR programme.
- 4.5 The 18th Edition Wiring Regulations - IET BS7671 require landlords to undertake regular electrical condition reports and recommend that they are undertaken at least every 5-years, or upon new tenancies, within homes, and communal areas.

- 4.6 Haringey has at the time of writing this report, 15,023 dwellings and 789 communal systems (15,812 total) that require periodic inspections at least once every 5 years, (or at change of occupancy). These numbers will fluctuate based on changes in stock and management responsibility, e.g. sales, acquisitions, and demolition. Therefore, under this contract we require on average to undertake 3159 inspections every year. There are also, approximately 350 voids per year that also require testing when a new tenancy is commenced. However, this is undertaken by the voids team and is funded separately, through the voids budget.
- 4.7 We do not undertake EICRs in leasehold properties and there are no leasehold implications for communal tests as the costs of each inspection, as detailed in the Exempt part of this report, once every 5 years, is significantly below the annual threshold for a Qualifying Long-Term Agreement. Leaseholder contributions to costs for communal testing will be re-charged through normal service charges and are below the S20 consultation threshold. Any major electrical works would be consulted on separately as part of a major works or planned programme consultation.
- 4.8 Haringey does not currently have the in-house resource capacity and capability to deliver the required programme of EICRs alongside the level of responsive repairs and voids works due to staff turnover. However, Haringey will continue to deliver the electrical responsive repairs through its in-house team and will continue to review the potential for bringing EICRs and other works back in house as and when it can recruit the required resources.
- 4.9 Haringey needs to maintain the current programme of EICRs through external contractors under this new contract to ensure we maintain compliance with the regulations and to minimise the risk to residents, staff, and properties from electric shock and/or fire, due to properties without a valid EICR.
- 4.8 Valid electrical inspection condition reports enable us to demonstrate compliance with regulatory requirements, by identifying and/or preventing significant electrical hazards. It also supports the requirements of the Building Safety Act 2022 and The Fire Safety Act 2021, ensuring they do not contribute to the risk and spread of fire in multi-storey, multi-occupancy rented accommodation.

## **5. Alternative options considered.**

- 5.1 Do nothing. This would mean that the current contract would expire, and we would not be able to undertake the required 5 yearly testing programme. Furthermore, it would leave the residents subject to living in buildings where there could be electrical safety issues that go unrecorded and unremedied if we do not undertake electrical inspections and improvement works. In addition, the

Council would not be compliant with the Electrical Regulations and could be found to be in breach of the Regulator for Social Housing's Home Standard.

- 5.2 Extend the current contract. This is legally possible under the Council's constitution and Cabinet authority; however, it is not viable as this was initially procured and awarded on a fixed term basis and has already been extended following Cabinet approval on the basis that we would tender a longer-term contract to replace it.
- 5.3 Undertake all the work in-house. This option is not currently viable due to the current lack of specialist skills available in the market for Haringey to recruit. However, this is the intention in the longer-term and will be kept constantly under review.

## **6. Background information**

- 6.1 The Institute of Engineering & Technology (IET) Wiring Regulations - British Standard 7671 were updated to the 18th Edition, in 2018. This edition recommends that both dwellings and communal areas are inspected every 5 years as a minimum. Previous recommendations were 5 years for communal areas and 10 years for dwellings.
- 6.2. In 2020, Homes for Haringey's Property Compliance Task and Finish Group agreed a three-year programme to ensure that all properties have a Satisfactory EICR less than 5-years old.
- 6.3 In order to deliver this Electrical Inspection programme, which includes completing urgent and high-risk actions and upgrading of smoke and heat alarms within properties, Haringey Council requires the support of specialist electrical contractors.
- 6.4 Following initial identification that the programme had fallen behind schedule in September 2022, compliance was confirmed at 39.6%. Immediate action was taken to put in place a temporary contract to deliver the programme within an 18-month target period.
- 6.5 Following a Compliance Health Check in December 2022, Haringey Council self-referred to the Regulator for Social Housing. This referral included the issues regarding non-compliance for Electrical Safety.
- 6.6 As a result Haringey provided a Voluntary Undertaking to recover its position regarding electrical and fire safety and to improve overall compliance as part of its wider Housing Improvement Plan. By the end of September 2024 Haringey has completed just under nine thousand of the overdue inspections reports to improve its compliance for electrical inspections to over 97%.
- 6.7 Apart from 335 properties that are outstanding as of September 2024, where residents repeatedly refused to allow access despite repeated attempts, (we

will continue to attempt contact and where necessary, progress through legal routes), the programme has been hugely successful.

- 6.8 This award is critical to maintaining this position, and to demonstrate our commitment to compliance and safety for residents. The programme has been the start of a new rolling 5-year programme of future inspections to be in place to maintain the safety of residents to the required regulatory standards that we have recently achieved under our Voluntary Undertaking and Housing Improvement Plan.
- 6.9 Failure to undertake EICRs may be subject to enforcement action by the Building Safety Regulator, the Regulator for Social Housing, and potential subsequent prosecution by the Health & Safety Executive (HSE) should an incident occur.
- 6.10 The expenditure profile of the programme under this contract is set out in the Exempt part of this report, based on a smoothed programme from year 2 (2026/27). This allows for the budgets to be adjusted to ensure a consistent volume in delivery over the last 4 years of this contract and beyond.
- 6.11 If we do not smooth the programme, then the EICRs will be due based on their current anniversary date. Given approximately 60% of the programme has been delivered in the past 18 months this would create a huge spike in demand and cost in years 2027 to 2029.
- 6.12 Within the scope of work is the facility and requirement for the contractor to undertake Category (Cat) 1 and Category 2 works identified as an outcome of the testing. This means that Haringey shall only receive satisfactory certificates under this programme. Unsatisfactory certificates can be legitimately accepted; however, this incurs additional administrative cost, time and risk of non-compliance, as subsequent works and works records will need to be aligned with, and incorporated in the unsatisfactory EICR document, to evidence that it is now satisfactory. Therefore, it is easier and more cost effective to undertake Cat 1 & 2 works at the time.
- 6.13 Cat 1 are works of an urgent health and safety nature that need to be immediately rectified. Cat 2 are those that could lead to health and safety risks and are not compliant with current standards. These need to be completed within a reasonable timescale following the inspection and must not be ignored.
- 6.14 In order to ensure value for money we will implement robust management and quality assurance processes to ensure all charged for works are accurate and necessary, e.g., through sample testing and post inspections as well as requiring photographic evidence from the contractors. Regular monthly contract meetings will track progress and contractor performance, as will an annual review process, in particular when leading up to the next contract extension year.
- 6.15 The decision to let the contract on an initial 2-years plus 3 annual extensions allow flexibility to determine the contract after two years if appropriate to bring

the service back in house subject to a suitable business case and recruitment and retention of sufficient and competent resources. The initial two-year period provides the contractors with a level of assurance and return on their investment in mobilising and delivering the contract initially.

- 6.16 With the support of Strategic Procurement and Legal Services, tender documentation was prepared, that included a copy of the JCT Measured Term Contract 2016 with Haringey standard Schedule of amendments (v2 24.10.2023)
- 6.17 The Invitation to Tender was issued on 17/07/2024 to 121 suppliers via the London Construction Programme (LCP) Minor Works DPS on 23/08/24.
- 6.18 On 13/08/24, 19 tender submissions were received. These were reviewed by Strategic Procurement for validation before the Price, Social Value and Quality submissions were distributed to the evaluators on the same day. A further 14 suppliers were eliminated through the evaluation based on lack of required accreditations & case studies etc.
- 6.19 The Price evaluation was also completed by two Council Officers. The social value scoring had been delayed due to some discrepancies on their return. The questionnaire was re-submitted to bidders for return by 23/09/2024.
- 6.20 Following a previous budget review exercise, it was identified that the original invitation to tender was based on historic spend over the catch-up programme, and not the new programme. We are now fully satisfied that the contract budget reflects the current spend profile over the next 5 years.
- 6.21 During the Quality evaluation process, it was confirmed that contractors F through to S (14 in total), did not meet the full criteria required for competency certification and method statements for case studies and were therefore eliminated from the Tenderer process.
- 6.22 The Quality evaluations were subsequently completed by three Council Officers; each Officer scored the tenderers' Method Statements independently and sent their evaluations to the Procurement Officer to collate for the Moderation. The quality moderation was hosted by the Procurement Officer on 06/09/24 where the final quality scores for each tenderer were determined.
- 6.23 Following the moderation meeting held 06/09/2024 by Strategic Procurement, all parties were satisfied with the outcome in terms of how the scoring was managed and delivered by each scorer.
- 6.24 The Social Value evaluation was completed by the Social Value Portal Team. Clarifications on the tenderers Social Value submissions were issued on the DPS. All tenderers provided a response within the deadline. The Social Value Portal completed the evaluation and provided their scores and feedback to the Procurement Officer on 23/09/24.

6.25 The final scores for tenderers are outlined in the table below. The submissions were evaluated on a 50% Quality, 10% Social Value, 40% Price basis.

<b>Tenderer</b>	<b>Quality (%)</b>	<b>Social Value (%)</b>	<b>Price (%)</b>	<b>Total</b>
<b>A</b>	48.00	6.66	40.00	<b>94.66</b>
<b>B</b>	34.00	4.54	24.00	<b>62.54</b>
<b>C</b>	26.00	8.50	12.00	<b>46.50</b>
<b>D</b>	24.00	5.12	13.00	<b>42.12</b>
<b>E</b>	24.00	4.82	13.00	<b>41.82</b>
<b>F</b>	0	Eliminated from Evaluation.		
<b>G</b>	0	Eliminated from Evaluation.		
<b>H</b>	0	Eliminated from Evaluation.		
<b>I</b>	0	Eliminated from Evaluation.		
<b>J</b>	0	Eliminated from Evaluation.		
<b>K</b>	0	Eliminated from Evaluation.		
<b>L</b>	0	Eliminated from Evaluation.		
<b>M</b>	0	Eliminated from Evaluation.		
<b>N</b>	0	Eliminated from Evaluation.		
<b>O</b>	0	Eliminated from Evaluation.		
<b>P</b>	0	Eliminated from Evaluation.		
<b>Q</b>	0	Eliminated from Evaluation.		
<b>R</b>	0	Eliminated from Evaluation.		
<b>S</b>	0	Eliminated from Evaluation.		

6.26 Based on the scores above, the Most Economically Advantageous Tender (MEAT) is Tenderer A, scoring highest for Quality and highest for Price, and Social Value. Tenderer A has demonstrated excellent knowledge and experience in their Method Statement response, whilst remaining competitive in price, and maintaining a strong Social Value focus. As detailed in the Exempt part of this report, the new tendered rate is in line with current and previously tendered market rates.

6.27 The total contract value is made up of multiple workstreams that relate to this type of contract as there is the electrical condition report itself, remedial works, smoke detection along with potential electrical rewires.

6.28 Competitively tendering the new contract through Haringey's London Construction Programme to 121 potential suppliers ensures that the wider market is engaged and that current market rates are reflected. When assessed as a whole, Haringey will get the most value from each one pound spent on this programme compared to the other bidders. The rates tendered also compare favourably to those incurred under the existing programme. with a favourable reduction in the base rate for an electrical inspection condition report.

6.29 The programme has previously been delivered by Haringey Repairs Service. Much of the previous programme was capitalised due to the amount of upgrade and improvement works carried out. Having now completed the recovery

programme, the future programme will include a mix of revenue and capital expenditure as detailed in the table set out in the Exempt part of this report.

- 6.30 The costs of this service have been identified and discussed with Finance colleges for the new budget requirements for the Mechanical & Electrical team responsible for the delivery of the programme.

## **7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?**

- 7.1 This project will help to deliver theme 5 of the corporate delivery Plan. A borough where everyone has a safe, sustainable, stable, and affordable home.

## **8. Carbon and Climate Change**

- 8.1 The implementation of this contract will ensure that our residential electrical systems and installations are safe and in good working order. Having compliant and safe systems ensure they are working in an efficient manner which contributes to reducing electricity demand from inefficient and possibly overloaded or badly insulated wiring.
- 8.2 Older and inefficient circuits can cause damage to appliances and lead to unnecessary failure or replacement of appliances that would otherwise have remained operational and effective. This will therefore reduce the waste and additional carbon emissions resulting from purchasing new unnecessary appliances.
- 8.3 The programme of inspections repairs and upgrades may be used to identify and improve opportunities for residents to install more efficient light bulbs and appliances through the provision of suitable fitments and circuits.
- 8..4 All materials and components used in the programme will comply with current standards and regulations which include energy reduction and carbon efficiency requirements aligned to applicable British and European standards.
- 8.5 All of our contractors engaged in such service provision require and maintain modern efficient vehicles to ensure service delivery and commercial efficiency.

## **9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)**

### **9.1 Finance -**

This contract covers all council dwellings, approximately 15,000 units, and includes inspections and work on both the individual dwellings and communal areas.



The total value of the contract is over a period of five years (an initial two-year term with three possible annual extensions).

The works encompass both capital and revenue expenditures, and the costs will be allocated accordingly—currently estimated at 63% for revenue and 37% for capital.

It remains unclear how the total sum was derived...

The capital projected expenditure is being funded from the existing capital budget allocated for EICR works.

There is sufficient budget to cover the revenue expenditure, and the project will be closely monitored to prevent cost overruns, with regular reports provided.

## **9.2 Procurement**

Strategic Procurement (SP) note that this report relates to the approval to award a contract for the provision of planned maintenance, repairs and testing Electrical Installation Condition Reports (EICR) compliance for domestic electrical and communal electrical distribution systems.

SP note that a competitive tender was launched via the LCP's Minor Works DPS. The adopted procurement is in line with Contract Standing Order (CSO) 9.04.1(b) and Regulation 34 of the Public Contract Regulations.

The Tenderers' bid submissions were evaluated in accordance with the scoring methodology contained within the published Invitation to tender document.

The outcome of the procurement demonstrates value for money.

SP support the recommendation to approve the award in accordance with CSO. 9.07.1 (d)

## **9.3 Assistant Director of Legal & Governance (Monitoring Officer)**

The Assistant Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report. The process described in the report is in line with the Council's Contract Standing Orders (CSOs) 7.01(b) and 9.07.1(d).

The proposed contracts are subject to the Public Contracts Regulations 2015 ("PCRs") as their estimated value is above the financial threshold for public works and public services under the PCRs. The Procurement team have confirmed that the LCP's Minor Works DPS was used to procure the proposed contracts. These procedures are compliant with the PCRs and also with the Council's CSOs (CSO 9.04.1(b) and Regulation 34 of the PCRs).

Pursuant to CSO 9.07.1(d) Cabinet may award, assign, or novate contracts valued more than £500,000 (five hundred thousand pounds). The Cabinet

may also approve a delegation to the Director of Placemaking and Housing in respect of the three annual extensions.

In addition, the Cabinet may approve issue of a letter of intent prior to the formal contract being executed. This may be for either 10% of the contract price or £100,000, whichever is the higher value.

The Assistant Director of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Cabinet from approving the recommendations in the report.

## **9.4 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 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 apply 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. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socio-economic status as a local protected characteristic.

The purpose of this decision is to approve the award of the contract for the Electrical Inspection Reports Contract for Haringey Council, to support our Building safety & Compliance and in-house Electrical Team with carrying out critical safety inspections and associated works.

Given that the aim of this decision is to continue to support resident safety through the delivery of our electrical safety programmes, we do not predict any negative equalities implications resulting from this decision.

As an organisation carrying out a public function on behalf of a public body, the Contractor who is awarded the contract will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the major works does not result in any preventable or disproportionate inequality.

## **10. Use of Appendices**

Exempt report (Appendix A)

## 11. Background papers

NA