

CABINET

19 April 2022

Title: Procurement of Electrical Testing Services	
Report of the Cabinet Member for Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: All	Key Decision: No
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Accountable Director: Leona Menville, Director of Homes and Assets, My Place	
Accountable Strategic Leadership Director: Lisa Keating, Strategic Director, My Place	
Summary This report seeks approval to source suitably qualified contractors from the ESPO Framework Agreement Ref: 306_19; Lot 2 - Fixed Installation Testing (FIT) to undertake electrical testing on over 17,599 domestic dwellings and 953 communal areas over a maximum five-year contract period. The contract is estimated to have a value of £6.329m over the five-year period and an annual value of £1.268m.	
Recommendation(s) The Cabinet is recommended to: (i) Agree that the Council proceeds with the procurement to source suitably qualified contractors through a mini-competition exercise via the ESPO Framework Agreement Ref: 306_19; Lot 2 - Fixed Installation Testing (FIT) to provide electrical testing services, in accordance with the strategy set out in the report; and (ii) Authorise the Strategic Director, My Place, in consultation with the Strategic Director, Law and Governance, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s), in accordance with the strategy set out in the report.	
Reason(s) To assist the Council in meeting its statutory duties in respect of electrical testing of Council dwellings and communal areas.	

1. Introduction and Background

- 1.1 The Council has an obligation to undertake electrical testing to its domestic dwellings and communal areas and the intention is to deliver a borough-wide five-year electrical testing programme, which is the required standard of the regulations.
- 1.2 The electrical testing programme will cover domestic properties and communal areas. Within the scope for the domestic testing, contractors will be required to complete a full electrical test and visual inspection of the installation and accessories. Issues that are found would fall into the following categories:
 - A Code 1 (C1) observation means '**Danger present. Risk of injury. Immediate remedial action required.**'
 - A Code 2 (C2) is not as severe as a C1 but is still a potentially dangerous defect. It may not pose an immediate threat but is likely to become a danger in the future. A C2 is described as '**Potentially dangerous – urgent remedial action required**';
 - An observation code **FI** is described as '**Further investigation required.** '
 - A Code 3 (C3) observation is described as '**Improvement recommended**'.
- 1.3 In order to achieve compliance with electrical safety regulations, the Council must address all **C1**, **C2** and **FI** faults and any Code 3 remedial items identified. Also required is a complete survey of the internal Domestic Fire System and test / check including making recommendations, as necessary. An Electrical Installation Condition Report (EICR) will be required and contractors will be expected to upload all documents on to the Council's database.
- 1.4 The remit for the Electrical Testing to the Communal areas will include testing and inspection of all final circuits from the Landlords Panels/Switchgear/Distribution Boards and lighting, as well as a visual inspection of the installation and accessories. An EICR will be required and upload to the Council's database.
- 1.5 In addition to the above, an electrical survey of the mains arrangements including the Service Head Laterals and Risers and associated switchgear will need to be completed. This will also include a Thermographic Survey of the system. The contractors will be expected to provide the Council with a report and executive summary of the installation with recommendations and comments in respect to location, age, condition with photographic evidence and an estimate of cost to repair/replace equipment and cabling as necessary.
- 1.6 It is officers' view that the delivery of this model can be safely achieved using two suppliers, with the work divided geographically across the Barking and Dagenham area. Awarding to two suppliers will give the Council the safety net should there be issues with one of the suppliers.
- 1.7 At present, there are 17,599 domestic dwellings to be tested over a five-year programme. Therefore, on average each contractor would be expected to assess 1,760 properties per annum or 34 per week, which is considered to be a manageable level in addition to the testing and remedial works of the communal areas.

1.8 Discussions took place with BDMS regarding this work. However, BDMS declined due to resourcing issues.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured

2.1.1 The scope is to deliver a borough wide five-year electrical testing programme (which is the required standard of the regulation) of the Council's domestic properties and communal areas within buildings.

2.1.2 Within the scope for the Domestic testing, contractors will be required to complete a full electrical test and visual inspection of the installation and accessories.

2.1.3 All Code 1,2 and FI's are to be cleared and any Code 3 remedial items identified. Also required is a complete survey of the internal Domestic Fire System and test / check including making recommendations, as necessary. An EICR will be required, and contractors will be expected to upload these onto our data base system.

2.2 Estimated Contract Value, including the value of any uplift or extension period

2.2.1 The contract has an annual value of c£1.268m and a total value of c£6.329m over the full five years.

2.3 Duration of the contract, including any options for extension

2.3.1 The works will be undertaken across a five-year rolling programme. The contract will be awarded to the successful supplier for an initial period of two years with options to extend for a further 2+1 years, subject to satisfactory performance.

2.3.2 The indicative timetable for the procurement is as follows:

Issue Mini Competition	22 April 2022
Deadline for responses to Further Competition	23 May 2022
Evaluate Further Competition	24 May - 10th June 2022
Stand-Still Period	13th – 23rd June 2022
Issue Successful Suppliers Award Letters	July 2022
Award Contracts: - Contract Signing by both parties and sealing etc	July 2022
Mobilise Contract (Approx. 4 weeks)	August 2022
Contract Commencement	September 2022

2.4 Recommended procurement procedure and reasons for the recommendation

2.4.1 ESPO Framework Agreement Ref: 306_19; Lot 2 - Fixed Installation Testing (FIT) via a mini-competition.

2.4.2 The list of suppliers under this Framework all cover London or are UK wide:

- Calbarrie Compliance Services Ltd
- Circuit Electrical Testing Limited

- The Elec Group Limited
- Electrical Compliance & Safety Ltd
- Electrical Installation and Appliance Testing -
- Facit Testing Ltd
- Lantei Ltd
- Norwood Electrical UK Ltd
- phs Compliance
- Project Solver Ltd
- PTSG Electrical Services Ltd
- SS Testing Ltd
- UK Test Ltd
- Veriserv

2.4.3 All Suppliers under this framework are:

- Qualified electricians who have experience of test and inspection and are trained and qualified specifically in electrical circuitry inspecting.
- Trained in accordance with the IEE Wiring Regulations 17th Edition BS BS7671:2008 (Incorporating Guidance note 3).
- Experienced in accordance with the above British Standard and are therefore NICEIC or ECA accredited.
- Familiar with the test instruments used and in particular their limitations and restrictions so as to achieve repeatable results without damaging equipment or appliances.
- Understand appropriate intervals for re-inspecting and re-testing and can interpret test results and take appropriate action.
- Fully DPS checked and approved

2.5 **The contract delivery methodology and documentation to be adopted**

2.5.1 The ESPO Terms and Conditions form of contract will be used as this is the stipulated terms and condition mandated for all utilising this framework agreement.

2.6 **Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

2.6.1 The potential for Value for Money (VfM) is significant based on the tender criterion and weighting's structure allowed through the mini-competition process. These will further encourage potential suppliers to propose an enhanced pricing structure with value at its core.

2.7 **Criteria against which the tenderers are to be selected and contract is to be awarded**

2.7.1 The original ESPO Framework tender was 60/40 price/quality. Confirmation has been received from ESPO that it is permissible to apply the following criteria for the mini-competition as follows, in order to satisfy the Council's requirements:

- Price 60%
- Quality 30%
- Social Value 10%

2.8 How the procurement will address and implement the Council's Social Value policies

2.8.1 The tender documentation will include questions on social value and localism issues as part of the award criteria.

3. Options Appraisal

3.1 Option 1 (Rejected) – Standalone Compliant tender – rejected, due to lack of resources, too little time, too costly.

3.2 Option 2 (Rejected) – Do Nothing – The Council may also continue to carry out this required mandatory service on an ad-hoc bases given the volatile conditions.

3.3 Option 3 (Recommendation) – Using the identified compliant ESPO Framework Agreement Ref: 306_19; Lot 2 - Fixed Installation Testing (FIT) to source suitably qualified contractors through a mini-competition exercise given that all the suppliers on this framework are suitably qualified for the required service and have been awarded following a compliant competitive procurement process.

4. Waiver

4.1 Not applicable.

5. Consultation

5.1 The proposals in this report were endorsed by the Procurement Board on 6 April 2022.

6. Corporate Procurement

Implications completed by: Sam Woolvett, Corporate Procurement

6.1 By utilising a compliant framework this approach complies with the Public Contracts Regulations 2015 and the Council's Contract Rules.

6.2 The mini-competition will be run through the Council's e-tendering portal Bravo and managed by My Place compliance team.

7. Financial Implications

Implications completed by: Joel Gandy, Finance Business Partner

7.1 This report sets out a 5-year rolling annual electrical testing and survey programme estimated to cost £1.266m per annum across the Councils Social Housing Portfolio. The recommendation is to carry out a mini-competition from the ESPO Framework Agreement to award a contract split between 2 contractors on a 2yr+2yr+1yr basis. Therefore, the total contract value is approximately £6.3m with optional extension periods included. For the avoidance of doubt, this does not cover Reside properties.

- 7.2 As Landlord for the Social Housing Stock, testing and surveying of this nature is mandatory for the Council, and it is a requirement of this contract for the contractors to provide appropriate certificates and reports into the status of the electrical mains and related hardware.
- 7.3 It is from these activities, that the Council will potentially identify further financial commitments, on its mechanical and electrical compliance assets. The Landlord needs to address all C1, C2 and FI faults in order to achieve compliance with electrical safety regulations. The cost of putting right any of these fault types, should they be identified, is not included in this contract.
- 7.4 As this activity relates to Social Housing Stock, this expenditure falls ultimately under the Housing Revenue Account (HRA). There are a series of annual budgets that currently exist that can support this contract activity:
- (i) Quality & Compliance - £712,000 (HRA only): This budget covers electrical testing but also other compliance requirements such as Asbestos surveys and Fire Risk Assessments.
 - (ii) Mechanical & Electrical Compliance - £1.4m: This is generally for repairs identified from the testing but can also be used for this contract in the first instance.
- 7.5 Whilst the above is over the annual estimate for the contract, it is not exclusive to it. Therefore, the service will need to monitor the outcomes from the contract and aim to mitigate any pressures forthcoming from the combined activities of testing and repairs. Recommendations from the testing may require Capital investment for which there is a £5.8m per annum allocation for Compliance and Communal works as part of the HRA Stock Investment Programme for the period 2022/23 – 2025/26.
- 7.6 It is also worth noting, that over the course of the coming five-year period, there are expected changes in legislation. Notably, the Building Safety Bill due to become law later this year, which will establish a new Building Safety Regulator (BSR) to oversee building owners of high-rise buildings carrying out their building safety responsibilities. In addition, there is also the Social Housing Regulation Bill expected after the White Paper was published in 2020 which looks to strengthen the powers of the Regulator for Social Housing (RSH).

8. Legal Implications

Implications completed by: Kayleigh Eaton, Solicitor – Contracts and Procurement, Law, and Governance.

- 8.1 This report seeks approval of Cabinet to agree the procurement strategy proposed in the report for the appointment of two suitable and qualified Contractors via the ESPO Framework Agreement for the provision of remedial electrical and fire alarm inspection works and services within the Council's housing stock as outlined in the body of the report.
- 8.2 A procurement of this nature and value is subject to the requirements for a full competitive tender exercise in accordance with the Public Contracts Regulations 2015 ("the Regulations") and the Council's Contract Rules.

- 8.3 Procuring the services and work via an established, compliant framework agreement meets the requirements of the Regulations and the Council's contract rules, provided that the proposed Framework Agreement permits the Council to procure via that Framework Agreement.
- 8.4 The Framework proposed in this report does permit the Council to procure via it, as it specifically permits all UK public sector bodies to procure services using its Framework terms and conditions.
- 8.5 Therefore, if Cabinet agrees with the recommendations set out in this report, then the proposed procurement route is legally compliant.

9. Other Implications

9.1 Risk and Risk Management

- 9.1.1 **Risk** - Risk of allowing testing certificates to expire with no retesting solution in place would have major legal and health safety, and compliance ramifications.
Mitigation – Appoint suppliers that have been vetted and confirmed to have the expertise through a framework like ESPO framework will allow the council to put in place a compliant contract with the required testing certificates before the expiry date of our current testing certificate.
- 9.1.2 **Risk**- The success of this project will depend on the access that is provided to enter the domestic properties to complete the testing.
Mitigation - This will be mitigated by communicating with the resident via the phone, email and letter and engage with them at the preliminary stages to understand their needs in respect to appointment times and to allow for a more fluid process.
- 9.2 **TUPE, other staffing and trade union implications** – No implications.
- 9.3 **Corporate Policy and Equality Impact** - As a Local Authority, LBBD are mandated to continue to provide and deliver an on-going borough wide Electrical testing of its Domestic and Landlords Services within the Communal areas of our buildings to ensure we meet our regulatory duties. Not to do so could be a health & safety risk. This report sets out the approach to appointing contractors to deliver this service. There are no known or perceived disproportionate impacts on residents with protected characteristics, and as such, an Equality Impact Assessment is not required at this time.
- 9.4 **Property / Asset Issues** - The Regulations state that electrical installations should be tested periodically ensure that the systems are safe. This applies to both the domestic installation and the communal installation. The scope of works is to negate the risk arising from dangerous or unsafe electrical installation.

Public Background Papers Used in the Preparation of the Report: None

List of appendices: None