

OFFICER DELEGATED DECISION REPORT – DIRECT AWARD REPORT 1 DECEMBER 2021

Report title: The replacement of one boiler to the Brixton Recreation Centre

Ward: Coldharbour

Portfolio: Cabinet Member for Voluntary Sector and Leisure: Councillor Donatus Anyanwu

Report Authorised by: Bayo Dosunmu: Strategic Director for Resident Services

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REPORT SUMMARY

The purpose of this report is to seek approval for the direct award of contract to K&T Heating for the replacement of one boiler to the Brixton Recreation Centre, 27 Brixton Station Road, London, SW9 8QQ.

This award is by way of The London Housing Corporation (LHC) Energy Efficiency Measures & Associated Works Framework (N8).

The Brixton Recreation Centre has three boilers of which only one is in operation. This is major risk to the effective operation of the building as if this one boiler is out of action the building will have to be closed to the public.

The estimated cost for the supply and installation of the boiler is £156,925.30 and works are proposed to commence in November 2021

FINANCE SUMMARY

The 2021/22 budget for the Brixton Recreation Centre is £3,388,605. The estimated cost for the renewal of the boiler is £156,926 which can be contained within the remaining available budget of £3,203,937 as of 21 October 2021.

RECOMMENDATIONS

1. To award a contract to K&T Heating for the sum of £156,925.30, including £10,000 contingency for the replacement of one boiler at the Brixton Recreation Centre, 27 Brixton Station Road, London, SW9 8QQ.
2. To waive the Council's Standing Orders to grant a direct award.

REASONS FOR EXEMPTION FROM DISCLOSURE

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

Paragraph 3: Information relating to the financial or business affairs of a particular person (including the authority holding that information).

CONTEXT

- 1.1 The Brixton Recreation Centre (the Rec) is a Grade 2 listed leisure centre located in the heart of Brixton owned by the council and operated by Greenwich Leisure Limited (GLL). The building was designed in 1970 and construction completed circa 1985 and is now in need of significant repair and maintenance to keep the building satisfactorily operational until longer term plans are developed for its future use. GLL is responsible for some day-to-day maintenance, with the council also retaining responsibility for some maintenance and leading on a programme of repairs and maintenance to keep it operational in the medium term.
- 1.2 There is presently only one operational boiler out of three which presents a major risk to the operation of the Recreation Centre should this one boiler be out of action.
- 1.3 In view of the above, replacing at least one of the two boilers is urgent and needs to be procured in the most expeditious way before the winter months set in.
- 1.4 This award is in accordance with Procurement Contract Regulations (2015) compliant framework, where K&T Heating who are the top-ranked supplier on The London Housing Corporation (LHC) Energy Efficiency Measures & Associated Works Framework (N8)
- 1.5 The purpose of this project relates to the Council's Borough Plan 2019-2021, Resilient Communities: communities that are thriving and connected. This part of the Plan states how stronger relationships and a vibrant community sector, alongside economic growth, will enable communities to thrive.

PROPOSALS AND REASONS

- 1.1 This proposal is an urgent requirement to source a professional supplier with relevant experience in undertaking similar works and in working to a strict timetable. K&T Heating are a well-known supplier that can supply and install one number boiler to the Brixton Recreation Centre and the LHC framework route to engage their specialism is the most expeditious procurement route.
- 1.2 Other routes to supplier market were considered however these would require a long procurement exercise and with the impending winter months, a direct award from a framework was consider the best option.
- 1.3 The table below shows that advantages and disadvantages of each procurement option considered:

Procurement Route	Advantages	Disadvantages	Recommendation
Open Tender	<ul style="list-style-type: none"> • Council can create own bespoke specification/tender pack • Opened to a wider supplier market. • Competitive prices • SMEs can bid 	<ul style="list-style-type: none"> • Bidder can bid below market estimates and obtain maximum price score. • Preferred bidder may lack experience 	Not Recommended

		<ul style="list-style-type: none"> Does not meet the project timescales (Can take up to 6 months) 	
Restricted Tender	<ul style="list-style-type: none"> As above Contractors can self-disqualify themselves if they are unable to answer “killer questions” set as part of the SSQ. 	<ul style="list-style-type: none"> Does not meet the timescales required to deliver the project (2-stage process that can take 6 – 9 months to complete). 	Not recommended
Construction Line	<ul style="list-style-type: none"> Shortlisting of vetted contractors Council can create own bespoke specification/tender pack Competitive prices 	<ul style="list-style-type: none"> Not all shortlisted bidders will submit a proposal Does not meet the timescales of the project 	Not recommended
Frameworks (Traditional)	<ul style="list-style-type: none"> Agreement tendered in accordance with PCR 2015 and open to Public Sector Organisations. Specification allows for wide scope of deliverables Established list of contractors/suppliers pre-qualified. Pricing schedules available Direct Award of contract can be undertaken quickly Further competition of the pre-qualified contractors can drive prices down 	<ul style="list-style-type: none"> Fixed list of contractors over 4-year duration of agreement. Further competition can take up to 2 months which does not meet the project timescales 	Not recommended
Dynamic Purchasing System (DPS)	<ul style="list-style-type: none"> Agreement tendered in accordance with PCR 2015 and open to Public Sector Organisations. New contractors can be added to the lists/categories of works or services 	<ul style="list-style-type: none"> Direct award of contracts not permissible Further competition can take up to 2 months 	Not recommended

	<p>during the duration of the DPS.</p> <ul style="list-style-type: none"> • No set prices • Further competition of the pre-qualified contractors can drive prices down • Council can create own bespoke specification • Open to SMEs 		
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A number of frameworks were considered due to the necessity to complete the works in a timely manner and these are set out below:

Framework	Advantages	Disadvantages	Recommendation
LHC – Energy Efficiency Measures & Associated Works Framework (N8)	<ul style="list-style-type: none"> • The framework scope covers the complete design, supply, installation, and commissioning of traditional and commercial boilers • The preferred bidder is the lowest price and was the most economically advantageous • tender so demonstrates value for money • Can meet the timescales • Allows Direct award • Proposed Contractor offered an additional discount • LHC rebate 		Recommended
SEC Framework	<ul style="list-style-type: none"> • Covers most of the areas required • Framework allows direct award and mini competition 	<ul style="list-style-type: none"> • The boilers offered under this framework were of a smaller size and did not offer the capacity required 	Not Recommended
Fusion 21	<ul style="list-style-type: none"> • Covers most of the areas required 	The boilers offered under this	Not Recommended

	Framework allows direct award and mini competition	framework were of a smaller size and did not offer the capacity required	
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2.5 Based on the above preferred option, the LHC framework was considered for a direct award for the following reasons:

- Offered the types of boilers with capacity required which other frameworks were unable to do
- Preferred bidder has offered a discount from the framework rates
- The preferred bidder is able to meet the timescales
- That the Lambeth Engineers have reviewed the costings and believe that they are current market pricing

2.6 The Energy Efficiency Measures & Associated Works framework (N8) allows local authorities, social landlords and other public sector bodies to source specialist suppliers for the installation of 21 energy efficiency measures and associated works delivered through 2 workstreams. Fully compliant with the Public Contract Regulations, the framework is suitable for low, medium and high-rise housing schemes, schools and colleges and all other types of public sector buildings.

The LHC undertook its own expression of interest (EOI) for the proposed works for the top 3 contractors on the Framework of which 2 confirmed that they were interested in tendering for this job.

K&T Heating were the top ranked contractor and was awarded this contract via a Direct Award and was the most competitively priced. They have also offered a discount of approximately 12% on the LHC standard rates thus demonstrating value for money.

Rank	Registered Name:	Total Quality Evaluation	Total Price Evaluation	MEAT Score
1	K&T Heating Limited	52.23%	36.53%	88.76%
2	Engie Regenerati on Ltd	54.74%	31.38%	86.12%
3	Ameresco Ltds	55.60%	21.67%	77.27%

Contract Management

- 1.4 The appointed contractor will be required to provide weekly reports and attend regular update meetings. The meetings will include but not be limited to any omissions and additions to the contract, variations to cash flow, or issues with access.

Regular project and update reports are to be circulated to the project delivery team, along with relevant programme and financial reporting.

The terms of the Contract shall include a retention payment which is included as part of the council's major works projects.

FINANCE

- 3.1 This procurement strategy intends to proceed with a direct award from an existing framework.
- 3.2 The estimate for the works is £156,906 and is budgeted for as part of the existing 2020/21 SCCP Capital Budget for Brixton Recreation Centre of £3,388,605. The costs can be contained within that budget, which has a remaining available balance of £3,203,937 as of 21 October 2021.

LEGAL AND DEMOCRACY

- 1.1 The authority to enact this report's recommendation is delegated to the Strategic Director for Resident Services. Before exercising that authority, this paper should be reviewed by a category board.
- 4.2 The statutory procurement regime applies to this tendering exercise by virtue of the Public Contracts Regulations 2015. Contracting authorities need only comply with the full rigour of the regulations if the estimated value of the contract is above the prescribed financial threshold. The threshold for works contracts is £4,733,252. Procuring from a properly procured framework is compliant with the requirements of both the Council's Contract Standing Orders and the Public Contracts Regulations 2015 provided the Council is named, or is part of an identifiable group cited, in the original contract notice published in respect of the framework.
- 4.3 Provisions in the Local Government Act 1988 oblige the Council to provide a written explanation to any person who has been excluded from a list of persons entitled to tender for work to the Council or has not been awarded work for which they tendered within 15 days of a written request to do so.
- 4.4 The Council's Constitution requires that all key decisions, decisions which involve resources between the sums of £100,000 and £500,000, and important or sensitive issues, must be published on the Council's website for five clear days before the decision is approved by the Cabinet Member or Director concerned (Constitution, Part 2, Section 3). Any representations received during this period must be considered by the decision-maker before the decision is taken.

CONSULTATION AND CO-PRODUCTION

5.1 Greenwich Leisure Limited (GLL) who manages the operation of the Recreation Centre has been consulted regarding the renewal of one boiler along with Facilities Management and members of the Parks and Leisure Team to ensure that it would meet the requirements of the service

RISK MANAGEMENT

6.1 The Project Team responsible for the delivery of the procurement and management of the subsequent contract have developed a risk register in the table below. The main risks that might impeded on the successful delivery of this procurement and contract are:

Item	Risk	Likelihood	Impact	Score	Control Measures	Risk Owner
1	Listed Building	3	2	6	Work with Project Team and the Contractor to ensure that measures are taken to safeguard historic elements of the building.	All
2	Failed Procurement	2	4	8	Works to be procured via the LHC Framework Direct Award	LBL
3	Delay to the programme	3	4	12	Leading in period for procuring the boiler which should be factored into the programme.	All
4	Covid 19	2	4	8	Ensure contractors have available staff and robust process and procedures in place for working if necessary, within current and potentially revised guidelines	All

Key

Likelihood	Very Likely = 4	Likely = 3	Unlikely = 2	Very Unlikely = 1
Impact	Major = 8	Serious = 4	Significant = 2	Minor = 1

EQUALITIES IMPACT ASSESSMENT

- 7.1 The equalities panel concluded there would be no adverse impact on equality in the borough and in fact it offers opportunity to enhance recruitment of local residents, training, and various apprenticeship programmes.

COMMUNITY SAFETY

- 8.1 The Council has an obligation under section 17 of the Crime and Disorder Act 1998 to consider crime and disorder whilst carrying out its various functions
- 8.2 Upgrading of the Brixton Recreation Centre will improve available facilities for the local community and provide a building which adheres to 'Secured by Design' principles. Secured by Design focuses on holistic crime prevention of the premises in the local context and promotes the use of security standards for a wide range of applications and products.

ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 The boiler is located in the basement of the building and the impact of noise on the user of the facility is limited. The option of replacing the boiler with an air source heat pump is not feasible at this time due to the urgency with which the works needs to be undertaken and the fact that major redesigns would be needed to the building and pipework to support this change.

Health

- 9.2 Tenderers will be required to prioritise health and safety management practice and provide for all regulatory procedures and arrangements during project delivery. This will include effective control of common and significant operational and product hazards, including risks generated by noise and vibration, pollution, pesticides, asbestos, other waste and contaminated materials.

Corporate Parenting

- 9.3 Not applicable

Staffing and accommodation

- 9.4 Not applicable

Responsible Procurement

- 9.5 The contractor will be required as necessary to take measures to monitor and reduce carbon emissions and consequential air pollution around the site. The successful bid includes a commitment to work in accordance with the Lambeth Council Responsible Procurement Checklist, and meet the targets set out by the council.

Good Quality Jobs with Fair Pay and Decent Working Conditions

- 9.6 The contract is less than 8 weeks and therefore not applicable

Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group

- 9.7 The contract is less than 8 weeks and therefore not applicable

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

- 9.8 The contractor will be required as necessary to take measures to monitor and reduce carbon emissions and consequential air pollution around the Recreation Centre

Single Use Plastics

- 9.9 Not applicable

Positive Health and Wellbeing

- 9.10 The Contractor will be required to prioritize health and safety management practice and provide for all regulatory procedures and arrangements during project delivery. This will include effective control of common and significant operational and product hazards, including risks generated by noise and vibration, pollution, pesticides, asbestos, other waste and contaminated materials

Other Offers (Innovation)

- 9.11 Not applicable

TIMETABLE FOR IMPLEMENTATION

- 10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Procurement Board	October 2021
Publication on Decisions online	23 November 2021
Officer or Cabinet Member Decision	1 December 2021
Execution of Contract	December 2021
Mobilisation Period for Contract	December 2021
Commencement of Contract	December 2021

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Donatus Anyanwu	Cabinet Member for Voluntary Sector and Leisure	09.11.21	10.11.21	
Bayo Dosunmu, Strategic Director	Resident Services	03.11.21	03.11.21	Entire Report
Sandra Roebuck, Director	Resident Services	02.11.21		Entire Report
Helen Wordsworth, Assistant Director	Resident Services	25.10.21	26.10.21	Entire Report
Preeti Chatwal-Kauffman, Head of Capital Programmes	Resident Services	20.10.21	25.10.21	Entire Report
Andrew Ramsden, Assistant Director, Finance	Neighbourhood and Growth	22.10.21	22.10.21	Finance Summary & Section 3
Michael O'Hara, Senior Contracts Lawyer -Legal Services	Legal and Governance	22.10.21	25.10.21	Section 4
Mick Wynne, Head of Client-Side Capital Programme	Resident Services	25.10.21	26.10.21	Entire Report
John Moruzzi, SCCP Capital Accountant	Finance and Investment	22.10.21	22.10.21	Finance Summary & Section 3
Sustainability Team	sustainability@lambeth.gov.uk	22.10.21	03.11.21	Section 9
Marianna Ritchie, Democratic Services	Legal and Governance	26.10.21	28.10.21	Entire Report
Helen Lee, Senior Procurement Officer	Procurement, Finance and Investment	20.10.21	25.10.21	Entire Report
Candace Bloomfield, Category Manager	Finance and Property	20.10.21	25.10.21	Entire Report

REPORT HISTORY

Original discussion with Cabinet Member	N/A
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	Not applicable.
Background information	None
Appendices	EQIA

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Ian Bhoorasingh
Senior Capital Project Manager, Infrastructure and Capital Delivery

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature: _____ **Date:** _____

Post: Bayo Dosunmu
Strategic Director for Resident Services

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None

Any dispensations: None