

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF THE EXECUTIVE DIRECTOR PLACE

Berneslai Homes - Tender Domestic Periodic Electrical Testing Programme

1. PURPOSE OF REPORT

- 1.1 To seek Council approval for Berneslai Homes to carry out domestic periodic electrical testing programme following competitive tender exercise. Development proposals agreed in line with BH HRA budget/report 2018/19. Attached appendix B.

2. RECOMMENDATIONS

It is recommended:

- 2.1 That the lowest tender submitted by the contractor to carry out Domestic Periodic Electrical Testing programme to Berneslai Homes managed properties is approved.

3. INTRODUCTION

- 3.1 General domestic electrical tests are not statutory but are recommended as good practice by the Electrical Safety Council and undertaken by the majority of social housing providers. Berneslai Homes' current regime does not give full evidenced assurance that every domestic electrical system has had an electrical test. Homes England, as regulator, has reminded all registered providers to comply with all legislation by meeting all applicable statutory requirements that provide for the health and safety of occupants in their homes.
- 3.2 For Berneslai Homes to give reasonably full assurance of domestic electrical safety of managed stock. A testing programme should follow the guidance of the British Standard (BS7671) which recommends change of occupation (tenancy) and maximum testing periods of ten years for domestic dwellings.
- 3.3 Following the Council's agreement of the 2018/19 electrical testing development proposal. Berneslai Homes' plan was to introduce annual domestic periodic electrical testing on a ten year cycle programme covering 100% of the stock.
- 3.4 It was anticipated in the first year 2018/19 up to 3,000 properties would require testing with an attached cost of approx. £0.450M. In subsequent annual testing it is envisaged costs will amount to approx. £0.150M for testing to 1,000 dwellings per year.
- 3.5 NPS were commissioned to provide professional services for the procurement of the 2018/19 domestic periodic electrical testing programme. The works were tendered through the Efficiency North Procurement Framework, under lot 3 of the Electrical Installation Framework.

- 3.6 Through the Efficiency North Procurement Framework expressions of interest were sent out to all contractors on the specific lot. Of the ten contractors on the lot, four expressed an interest in submitting a tender for the work. One of the four contractors that had expressed an interest failed to provide sufficient financial information so was removed from the tender list, reducing the list to three contractors.

Current Position

- 3.7 Following a competitive procurement exercise tenders were received on 20 July 2018 as follows:-

Contractor	Tender: £
West Yorkshire Gas Solutions Ltd	£371,800.00
Mears Ltd	-
Burngreave Building Company Ltd	-

- 3.8 The procurement process was carried out by Barnsley NPS. Four contractors expressed an interest to tender. One of these failed on the basis of financial information leaving three contractors who were all invited to tender. However, only one of those submitted a tender. Following the single tender return, contractors that had expressed to tender were contacted to establish the reason why they had not done so. Mears Ltd stated that they were no longer interested in the work, so did not submit a price. Burngreave Building Company said they had decided they were now too busy to submit a tender at this time. The contractor could have requested an extension of time to the tender period but did not do so and this is therefore not a valid reason.
- 3.9 Whilst it is acknowledged only one tender was received, it was tendered competitively and West Yorkshire Gas Solutions Ltd did not know that the others contractors on the framework would not submit a tender for the works.
- 3.10 The total cost above is derived from anticipated programme of 2,500 properties at £148.72 per property. A built-up estimate rate of £143.00 was taken for test from the PRIP arrangement for the same task/function.
- 3.11 Arithmetical and Technical checks have been carried out with no errors found.
- 3.12 The tender submitted by West Yorkshire Gas Solutions Ltd in the sum £371,800 is £14,300 over the estimate of £357,500. The tender obtained was through competition and within 4% of the estimate cost. The tender submitted is deemed value for money and has been recommended for acceptance. Tender report attached appendix C.
- 3.13 NPS pre and post professional services fees for the project are £18,776. Fees report attached Appendix D.

4. PROPOSAL AND JUSTIFICATION

- 4.1 It is proposed that West Yorkshire Gas Solutions Ltd is awarded the project as the lowest tender received.

- 4.2 By carrying out an ongoing annual programme of electrical testing to domestic dwellings Berneslai Homes will be fulfilling its Health and Safety obligations, complying with legislation as a registered housing provider.
- 4.3 A new annual testing regime will give full evidenced assurance that every domestic electrical system has an up to date electrical test.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 Annual domestic periodic electrical testing programme can potentially be delivered by our Contract Partners through the PRIP arrangement in the future, once PIMSS asset management database (compliance module) is fully operational.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 The effective management of Health and Safety in homes helps to consistently drive forward service improvements for the benefit of council tenants, and the wider community, and ensure investment and maintenance in council housing.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 The Electrical Testing programme is a Development Programme that was approved by Cabinet as part of the 2018/19 Housing Revenue Account Budget setting process (Cab.10.01.2018/10 refers).
- 7.3 It is anticipated that the estimated cost in the first year of testing, 2018/19, would total £0.450M including an element of ‘backlog’ testing that would cover 3,000 properties. In future years, the ongoing annual cost is expected to total £0.150M per annum, which equates to tests on approximately 1,000 dwellings per year. Budgetary provision has been built into the budget on an ongoing basis from 2019/20 onwards.
- 7.4 The tender exercise has concluded and the cost of the preferred tender of these works is expected to be as follows:

Tendered works	£371,800
NPS Professional fees	<u>£ 18,776</u>
Total	£390,576

- 7.5 The estimated cost of the first year works is therefore less than the estimated budget provided for this element, by approximately £60k and represents an underspend against that approved budget. This will be reported in the HRA budget monitoring position in Quarter 3, and will be considered at the end of the financial year along with the full HRA financial position, against emerging priorities.
- 7.6 The financial implications to this report are shown in the attached appendix A.

8. EMPLOYEE IMPLICATIONS

- 8.1 The works will be undertaken using resources identified and approved as part of the development proposal.

9. COMMUNICATIONS IMPLICATIONS

- 9.1 Berneslai Homes and the contractor will communicate with the tenants affected by the proposed works directly within appropriate timescales.

10. CONSULTATIONS

- 10.1 Consultation has taken place at the Council ALMO liaison meeting between Berneslai Homes' senior management team and council housing growth team.

11. RISK MANAGEMENT ISSUES

- 11.1 Contractual – JCT Measured Term Contract. Due to the nature of the project there will be no performance bond required as there will be no contract sum. Under the terms of the contract no work is guaranteed to the contractor.
- 11.2 Health & Safety – The project is not-notifiable for CDM purposes. The contractor currently meets the minimum requirements of competency as Principle Contractor for the project and has provided sufficient evidence to support.
- 11.3 Domestic Electrical Systems – Properties that have not had condition testing completed for a substantial number of years may require extensive rectification works. Repairs arising from first years inspections to be completed by contract partners through PRIP arrangement.

12. LIST OF APPENDICES

Appendix A - Finance implications
Appendix B - Berneslai Homes HRA budget/report 2018/19
Appendix C - Works tender report
Appendix D - NPS Professional fees report

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