

# Procurement Heating Servicing and Repairs Contract

<b>Cabinet</b>	17 November 2022
<b>Report Author</b>	Claire Pryce, Asset Manager
<b>Portfolio Holder</b>	Cllr Jill Bayford, Cabinet Member for Housing
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Reasons for Key</b>	An Executive Decision that involves incurring expenditure anticipated to be £250,000 or above.  An Executive Decision where the Council is entering into a contract with a value for its duration of <b>£750,000</b> or above
<b>Ward:</b>	All Wards

## Executive Summary:

This report seeks authority for the council to enter into a new heating servicing and repairs contract, for the Council's social housing stock. The current contract with Gas Call Services is due to expire on 31st March 2023, with no further opportunity for extension.

Approximately 75% of the Council's social housing stock has gas central heating and therefore this is a vital service.

The estimated value of the contract is £5,780,520.

## Recommendation(s):

Cabinet is asked to agree to:

1. The letting of the contract for space heating servicing, health and safety inspections, maintenance and installation works for HRA housing stock.

## Corporate Implications

### Financial and Value for Money

The Housing Revenue Account budgets for both capital and revenue expenditure are reviewed annually. They include provision for space heating replacements, repairs and servicing.

There is sufficient funding within the approved HRA capital and revenue budgets to fund the costs set out in this report, over the proposed 3 year contract with the option for one 24

month extension and 2 x 12 month extensions, therefore the potential of a 7 year contract period.

Detailed budgets will be reviewed and amended in-line with the actual tendered costs of these works at the earliest opportunity.

## **Legal**

The council, as a landlord of residential buildings, has a statutory responsibility to ensure that they are properly maintained.

## **Risk Management**

The Councils is a landlord of social rented homes, therefore the risks associated with not letting this contract are:

Regulatory duty to maintain the decent homes standard, which includes provision of space heating. If we are unable to do this, the Council would be open to complaints and disrepair challenges, which carry financial and reputational risk.

Legal duty to carry out a gas safety check annually on all properties that are supplied with gas. A gas safety check ensures our tenants safety, failure to comply puts the Council at risk of being put under a regulatory notice and (in a worst case scenario) under criminal investigation.

## **Corporate**

The council's Corporate Statement sets out its commitment to, 'Improve standards and safety in homes across all tenures.'

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To advance equality of opportunity between people who share a protected characteristic and people who do not share it.

The council's tenants and leaseholders include residents that have protected characteristics as set out in the Public Sector Equality Duty.

The works carried out through the letting of this contract will benefit all tenants, including those with protected characteristics.

## **CORPORATE PRIORITIES**

This report relates to the following corporate priorities: -

- Communities

### **1.0 Introduction and Background**

- 1.1 The council owns approximately 3,078 tenanted homes. All costs, investment and income for these homes is managed with the council's Housing Revenue Account, and budgets for revenue and capital works are reviewed annually.
- 1.2 In addition to the annual review of revenue and capital budgets, key decisions are also required for any expenditure that:
  - is for works or services that exceed £250,000, or
  - is for a contract over a number of years with an expected value in excess of £750,000.
- 1.3 The letting of the contract detailed in this report is therefore considered to be a key decision.

### **2.0 Heating, servicing, maintenance and inspection and installation works**

- 2.1 The current heating servicing, maintenance and inspection and installation works contract, that is currently undertaken by Gas Call Ltd, is due to come to an end on the 31st March 2023.
- 2.2 The council needs to renew this contract to ensure continuity of service to heating and hot water repairs, servicing, inspections and replacements.
- 2.3 In the letting of this contract, we are proposing that there is not an active gas boiler replacement programme as we have had previously, and to replace gas boilers only when they fail, whilst we explore other long term alternatives to gas. This is in response to the Government's net zero strategy, which is phasing out gas boilers.
- 2.4 The Tenant and Leaseholder Services are committed to decarbonising the Council's housing stock. Therefore there is provision in the contract for the installation and maintenance of low carbon alternatives to space heating; and for us to be able to use this contract to explore and install suitable new technology as it is introduced.

### **3.0 Procurement**

- 3.1 It is proposed that the council procure a contractor to undertake all works described above.
- 3.2 The forecast pre-tender cost projection for the entire 7 year contract is £5,780,520.

- 3.3 The forecast cost projection in 3.2 allows for an annual CPI increase based on current Bank of England forecasts for inflation. At the moment we are facing a situation where contractors are asking for a CPI uplift, however the long term trend for inflation rates is difficult to predict and the true contract cost will only be known once tender returns are received and assessed.
- 3.4 The procurement is proposed to be via open tender and will be evaluated upon the most economically advantageous tender. The terms of the contract will be under the JCT Measured Term Contract 2016`.
- 3.5 The evaluation of tenders will include both quality and cost analysis so that the council can select the more economically advantageous submission.

## **4.0 Next Steps**

- 4.1 Next actions will follow if approval is gained:

- Procure a contract for the works set out above

**Contact Officer:** Claire Pryce (Asset Manager)

**Reporting to:** Sally O'sullivan

### **Annex List**

### **Background Papers**

N/A

### **Corporate Consultation**

**Finance:** Clive Bowen (Finance Manager)

**Legal:**