



Key Decision Report of the Corporate Director of Housing

Officer Key Decision	Date: 8 April 2019	Wards: All
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Contract Extension for Domestic Boiler Installations with back up service for Responsive Repairs and Servicing

1. Synopsis

- 1.1 This report recommends the extension in respect of the Domestic Boiler Installations with back up service for Responsive Repairs and Servicing for the North of the borough, in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The extension is required to continue providing responsive repairs and out of hours emergencies whilst a new robust procurement is carried out.
- 1.3 The contract ends 19th October 2019. This report recommends extending for a maximum of 7 months to the 31st May 2020.

2. Recommendation

- 2.1 To approve the contract extension with the existing contractor GEM for Domestic Boiler Installations with back up service for Responsive Repairs and Servicing as outlined in this report.

3. Date the decision is to be taken

- 3.1 The decision is to be taken on 8 April 2019
- 3.2 The decision is a Key Decision because the value of the contract extension exceeds £500,000 (revenue).

4. Background

- 4.1 The responsive repairs and servicing of gas boilers for the north of the borough is provided by the in-house Gas team with the support of a back up contract to cover for any surge in workload that can't be absorbed by the in-house team.

- 4.2 The gas north contract with GEM commenced on 19 October 2015 for an initial duration of 24 months with the possibility of two further extensions of 12 months each and will expire October 2019 which is the last contractual month of the 4 year contract period.
- 4.3 The delivery of gas servicing and repairs slows down over the summer months. This is the ideal time to transition to a new gas contract. During the winter months residents rely on the gas service and any delay or interruption to the service or a loss of service continuity could have a direct impact on our tenants and on the most vulnerable residents.
- 4.4 Proceeding with a contract extension with the current contractor in the north of the borough will ensure continued delivery of responsive repairs, out of hours emergencies and domestic boiler installation for a period of 7 months, 31 May 2020.
- 4.5 This extension would bring the service co-terminus with the south of the borough, which is managed by a different gas contractor since November 2010. This contract terminates on 31 May 2020.
- 4.6 The alignment of the two contracts will benefit the tenants across the borough by ensuring business continuity until May 2020 and at the same time it will offer an opportunity for the council to carry out the procurement process for the gas service for the whole borough.

The council has statutory obligations to tenants to deliver a service.

- 4.7 The value of the contract to be extended is estimated to be £700k based on current workload.

5. Implications

5.1 Financial implications

The responsive repairs and servicing of gas boilers for the north of the borough is provided by the in-house Gas team with the support of a back up contract to cover for any surge in workload that can't be absorbed by the in-house team. The 18/19 budget to provide Gas service for the North area is £2.46m.

The waiver value of £700k is estimated based on the volume of work given to Gem in 17/18. It is anticipated that the estimated cost will be contained within the overall Gas Service budget for the North area without causing additional financial pressure to the Council.

In terms of risks it is evident from the risk analysis set out in the body of the report that from a service delivery perspective this is the most appropriate course of action, in addition, costs that could well arise from increased disrepairs are also mitigated by extending the contract, this in turn will allow sufficient time to develop a more robust procurement process.

5.2 Legal Implications

The proposal set out in the report is to extend the existing four-year contract with GEM (for services provided in the north of the borough) for a further period of seven months. This represents an increase to the contract duration of 14.6%. There is some risk of procurement challenge in doing this since a 14.6% increase in contract duration may amount to the establishment of a new contract that ought to be procured in compliance with the Public Contracts Regulations 2015. Also the value of the extension (£700,000) is above the EU threshold for the full application of the Regulations in relation to service contracts (being £181,302). The risk is mitigated by the fact that the proposed extension is for a short period of seven months and is designed to facilitate a fully legally compliant procurement process to be undertaken so that new contracts are in place to cover the whole of the borough in April 2020.

5.3 **Environmental Implications**

There are no direct environmental implications resulting as a result of this report.

5.4 **Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 12th March 2019 and the summary is included below. The complete Resident Impact Assessment is attached as appendix 1.

6. **Reasons for the decision**

6.1 The contract extension for the north of the borough is necessary to bring the service co-terminus with the contract in the south of the borough which is key to the effective delivery of a robust procurement process and it minimises the impact on our residents during the winter months.

It would ensure the continuation of services and give the Council ample time to adequately mobilise the new contracts.

7. **Record of the decision**

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:

Corporate Director of Housing

Date:

Appendices

Appendix 1 – Resident Impact Assessment

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