

## **LEADER DECISION - 10TH MAY 2021**

### **Report of the Head of Landlord Services**

**Lead Member: Councillor James Poland (for informal Cabinet meeting)**

#### **Part A**

**ITEM 7      PROCUREMENT OF CONTRACTOR FOR HEATING AND HOT WATER SYSTEM SERVICING**

#### Purpose of Report

To seek approval from Cabinet to procure, through a framework, supplies and services sufficient to meet the Council's requirements for heating and hot water servicing for properties within the Housing Revenue Account

The Contract value is estimated at over £500,000, therefore under the Council's Contract Procurement Rules, this distinct report to Cabinet is necessary.

#### Recommendation

That the Head of Landlord Services be authorised to commence a procurement exercise, identify a suitable framework, and subsequently award a contract for heating and hot water servicing for a period of up to four years.

#### Reason

To meet statutory requirements for the maintenance of heating and hot water systems at properties with the Housing Revenue Account, and to award a contract in a way that is consistent with the Council's procurement rules.

#### Policy Justification and Previous Decisions

The services delivered under the contract will support compliance with the Homes and Communities Agency Home Standard (2012), which, in summary, states that the Council must:

- ensure that tenants' homes meet the standard set out in the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard.
- meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- ensure a prudent, planned approach to repairs and maintenance of homes and communal areas.

## Implementation Timetable including Future Decisions and Scrutiny

The existing contract for heating and hot water servicing concludes in October 2021.

Subject to call in, it is expected that procurement will commence in May 2021 and the new service will commence in November 2021.

## Report Implications

The following implications have been identified for this report.

### *Financial Implications*

The new contract will run for a maximum period of four years. The estimated contract value is £635,000 per year. The spend under the current Contract is fully funded in the 2021/22 budget, and similar levels of expenditure for future years have been assumed in the Housing Revenue Account Business Plan.

### *Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to follow the Council's Procedures leading to a breach of procurement legislation and not obtaining best value.	2 Unlikely	3 Significant	6 Moderate	Procurement advice to be obtained from Nottingham City Council.  Procurement via framework provides a route which is compliant with the Council's procedures and legislation.

Key Decision: Yes

Background Papers: None

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## **Part B**

### Background

1. The Council has a statutory and moral obligation to keep its tenants safe, to provide the means for the heating of water and spaces in tenants homes, and to service heating equipment on an annual basis
2. The existing Contract with Sure Group Ltd comes to an end in October 2021. It is therefore necessary for the Council to put in place arrangements to award a new contract.
3. Procurement via framework has the following advantages:
  - Compliance with procurement legislation - framework providers go out to the market, conducting legally compliant procurement processes on behalf of their members.
  - Economies of scale - through the framework buying power.
  - Speed - a contract can be put in place within an appropriate timescale
  - Contract management support - the Council will benefit from the framework's established contract and supply chain management processes.

### Process

4. The Council will identify and approach a suitable framework provider. Depending on the framework rules a direct award to an appropriate supplier may be made, or alternatively a further mini-competition may be undertaken to refine pricing and / or quality statements.
5. Subject to call in, it is envisaged that the procurement exercise will commence in May 2021 and the new contract will start in November 2021.