



RECORD OF DELEGATED DECISION (OFFICER)

1. Decision Reference No.	CEX327
2. Name/Title of Officer	Dawn Garton Director for Corporate Services
3. Email address of Officer	dgarton@melton.gov.uk
4. Title / Subject Matter:	Heating Contract Extension
5. Type of Decision:	Public
6. Key Decision?	Yes
7. Decision Taken: 1. To extend the current heating servicing and maintenance contract for a period of up to three months.	
8. Reasons for Decision: The current heating servicing and maintenance contract has been in place since 2013 and comes to an end on 1 st July 2023. The current contract is based on a service that is limited to gas and oil heating, and capital installs were included at a later date. To meet the requirements of the new Asset Management Plan and the government drive to improve energy efficiency and zero carbon, the scope of the contract needs to be widened. As a result the new contract will be set up to cover a wide range of heating systems and energy efficiency improvement measures. Initial discussions about re-procuring this contract commenced in January 2022. Welland Procurement colleagues explored the potential of using an existing framework to fulfil our requirements. There were several options available, but none of the existing frameworks met all of the council's requirements. After briefly reconsidering the framework options it was established that a full procurement exercise would be required. Welland then requested expressions of interest from other members of the Welland group. Initial discussions were followed up with a number of authorities about their ability to join during the life of this agreement, this meant a shift in the type of procurement to developing a framework which we duly began to work on. Unfortunately, this had to be abandoned due to the time it was taking to coordinate the needs of other authorities who were not working to the same level of urgency.	

In October 2022 a decision was made to change the procurement route to a traditional tender that would be based on MBC's own specification. The advantage of this is that the contract will be bespoke to our specific requirements and we had more control over the timescales for delivery. The procurement programme was reviewed at this point, although tight it still allowed enough time to procure a new contract by June 2023.

Good progress was made over the course of the next few months and a full specification was drafted for tender purposes. Invitations to tender were sent on 5th April 2023 with an original return date of 15th May 2023. During the tender process there were a significant number of in depth tender enquiries which took time to respond to. As a result a two week extension was granted to allow tenderers to submit bids.

This now means that the tenders will not be returned until a later date in an already tight procurement timetable. After discussions with Welland Procurement it is proposed that we extend the current heating contract by a period of up to three months to allow sufficient time to mobilise the new contract.

There is a significant risk from not having a heating servicing and maintenance contract in place. The most significant risk is from the requirement for us to have an in date, annual, Landlord Gas Safety Record. The current contractor completes these for us and maintains a high level of compliance. This is one of the principal reasons for recommending an extension to the contract.

The current budget for this contract is £227,800 per annum. A three month extension would represent an additional spend of a maximum of £56,950 on the current contract. These are costs that would be incurred as part of the new contract, there will be no additional costs to the council as a result of this extension. In fact, an increased budget has been included this year in anticipation of the contract price rising, so a three month extension will cost less.

9. Authority / Legal Power:

Under Section 17.3.3 of the Contract Procedure Rules where a contract is required to be extended beyond the term permissible in the original contract documents due to business need, advice must be sought from Welland Procurement and the Council's Legal Team and authority sought from the Monitoring Officer or the S151 Officer.

10. Background Papers attached?

No

11. Alternative options available / rejected:

1. No alternative options as we must have a gas servicing contractor in place to carry out Landlord Gas Safety Record checks.

12. Implications:

<p>Legal</p>	<p>The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1).</p> <p>The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations.</p> <p>The Council has legal obligations in respect of making sure its properties are safe and fit for residential purposes. This short contract extension therefore is considered to meet a business need to ensure that the Council maintains its legal obligations whilst the procurement exercise concludes.</p> <p>[Legal Approval – 23 May 2023]</p>
<p>Finance</p>	<p>The budget is in place for this contract. The extension will be based on the old contract rates, with new contract rates anticipated to be higher, so there will be no additional cost associated with the extension.</p> <p>[Finance Approval – 26 May 2023]</p>
<p>HR</p>	<p>There are no HR implications.</p>

13. APPROVAL/SIGN OFF (Do not complete until all implications signed off at Section 12)

<p>Signature of Decision Maker with authority to sign :</p>	<p>Signature redacted Dawn Garton Director for Corporate Services</p>
<p>Consultation with:</p>	<p>Not applicable</p>
<p>Date:</p>	<p>14 July 2023</p>

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