



## **RECORD OF DELEGATED DECISION (OFFICER)**

<b>1. Decision Reference No.</b>	<b>CEX368</b>
<b>2. Name/Title of Officer</b>	<b>Michelle Howard / Director for Housing and Communities</b>
<b>3. Email address of Officer</b>	<a href="mailto:mhoward@melton.gov.uk">mhoward@melton.gov.uk</a>
<b>4. Title / Subject Matter:</b>	<b>Additional heating contract extension</b>
<b>5. Type of Decision:</b>	<b>Public</b>
<b>6. Key Decision?</b>	<b>Yes</b>
<b>7. Decision Taken:</b>  1. To extend the current heating servicing and maintenance contract up to 8 <sup>th</sup> January 2024.	
<b>8. Reasons for Decision:</b>  The current heating servicing and maintenance contract has been in place since 2013 and came to an end on 1 <sup>st</sup> July 2023. The contract was initially extended up to 1 <sup>st</sup> October 2023 due to extended procurement timescales.  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 5<sup>th</sup> April 2023 with an original return date of 15<sup>th</sup> 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.

Progress was made on appointment of the new contractor during the extended contract period, however, a final decision was not made until August 2023. This is mainly due to the loss of staff in the procurement team during this period.

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 contractor has agreed to extend the contract for a further period, however, they have raised concerns about the current monthly payment for the contract. The original contract was based on a fixed monthly payment which covered all servicing a repairs, which relies on less work being carried out over summer and more over winter. As the winter months are the most expensive this would put the contractor at risk financially.

It is proposed that the contract is extended on the basis of each job being chargeable, with fixed costs for labour and a percentage uplift for materials. These rates have been applied to two other contracts that the contractor is working on. It is difficult to assess the exact financial impact of this, however, based on last Autumn's workload it is estimated that the additional cost will be around £20,000. The usual cost for a three month period is £56,950. This is purely an estimate, the team will manage the spend closely with a view to arranging essential work only.

## **9. Authority / Legal Power:**

The Director for Housing and Communities has delegated authority to take this decision in accordance with part 12.2 of the Officer Scheme of Delegation.

Authority must also be sought from the Monitoring Officer or the S151 Officer.

<b>10. Background Papers attached?</b>	<b>No</b>
--	-----------

## **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><b>Legal</b></p>	<p>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.</p> <p>This contract extension allows the Council to continue works in respect of heating systems. 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>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>[Legal Approval – 29 September 2023]</p>
<p><b>Finance</b></p>	<p>The estimated additional spend will be financed by the identified underspend on the Professional Fees line following the reduction to the stock condition survey costs. Once the final costs are known this virement will be completed by the end of January 2024.</p> <p>[Finance Approval – 27 September 2023]</p>
<p><b>Procurement</b></p>	<p>The extension is to ensure we maintain a compliant statutory services in terms of heating servicing, we have been through a full tender process but due to extended clarifications on the pricing aspects of the bids we have taken longer than imagined to get to award. This reduces the time for a proper contract rollout and increases the risk of non-compliance on the statutory services./</p> <p>An extension would be on the same terms as the current service and is within the scope of the Public Contract Regulations as this was an unforeseeable situation that the current extension would not be long enough, Similarly it will only be extended to cover the change in supplier and no longer.</p> <p>[Procurement approval – 29 September 2023]</p>
<p><b>HR</b></p>	<p>No HR implications</p>

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

<b>Signature of Decision Maker with authority to sign</b>	Email approval received <b>Michelle Howard</b> <b>Director for Housing and Communities (Deputy Chief Executive)</b>
<b>Consultation with:</b>	Email approval received <b>Dawn Garton</b> <b>Director for Corporate Services</b>
<b>Date:</b>	<b>29 September 2023</b>

Please send all decisions for publication to: Democratic Services at [democracy@melton.gov.uk](mailto:democracy@melton.gov.uk). All decisions with exempt information should be referred to [MonitoringOfficer@melton.gov.uk](mailto:MonitoringOfficer@melton.gov.uk)