



## **RECORD OF CABINET PORTFOLIO HOLDER DECISION**

### **CONTRACT AWARD**

<b>1. Decision Reference No.</b>	<b>PH090</b>
<b>2. Decision made by</b>	<b>Councillor Pip Allnatt Leader of the Council &amp; Portfolio Holder for Housing and Landlord Services</b>
<b>3. Name and job title of Officer requesting the decision</b>	<b>Chris Flannery Housing Asset Manager <a href="mailto:cflannery@melton.gov.uk">cflannery@melton.gov.uk</a></b>
<b>4. Title / Subject Matter:</b>	<b>Award of Contract – Heating Maintenance Contract</b>
<b>5. Type of Decision:</b>	<b>Public</b>
<b>6. Key Decision?</b>	<b>Yes</b>
<b>7. Decision Taken:</b>  <ol style="list-style-type: none"><li>1. To award a contract for heating maintenance in council homes to Aaron Services Ltd.</li><li>2. To enter into any necessary legal documentation to effect the award</li></ol>	
<b>8. Reasons for Decision:</b>  The Council has a duty to ensure health, safety and compliance in council homes, and to meet the decent homes standard. 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 has been extended until January 2024.  <b>Tender exercise</b>  The current contract is based on a service that is limited to gas and oil heating with capital installations being 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 has been widened to cover servicing and installation of a wide range of heating systems and energy efficiency improvement measures.  A bespoke specification was developed which covered our requirements in detail and a tender package was produced. The opportunity was procured on the basis of an open, single stage, tender	

and evaluations were carried out on the basis of price and quality. The contract term is five years in total.

Four responses were received and evaluated and the results are set out below:

	Aaron	Contractor 2	Contractor 3	Contractor 4
Quality score	55.00%	20.00%	10.00%	45.00%
Price score	40.00%	21.55%	8.77%	33.44%
<b>Total score</b>	<b>95.00%</b>	<b>41.55%</b>	<b>18.77%</b>	<b>78.44%</b>

The highest scoring tender was submitted by Aaron Services and it is proposed to award the contract to this bidder.

### **Heating servicing and maintenance**

The annual cost of the Council's current heating servicing and maintenance contract is £227,800.

The additions to the new contract include:

- Annual service of electric heating systems (231 properties).
- Annual service and clean of solar panels (70 properties).
- Annual service of ventilation systems (1600 fans).
- Annual service of air source heat pumps (3 properties).

There is no statutory requirement to service these additional items, however, the intention is that proactive servicing will reduce costs elsewhere. For example, extractor fans are a key part of our response to damp and mould in our properties. We often find that extractor fans are not working when we visit a property with damp and mould and they have not been repaired. Proactive servicing will ensure that fans are working correctly on an annual basis, which will help to stop mould forming in the first place.

The annual cost of the improved contract is £217,800, which represents a small saving for a much wider scope. This represents good value for money.

### **Heating installation**

The other element of the contract is the installation of new heating systems and other measures.

The Asset Management Plan uses estimates of heating installation costs when planning the viability of the Business Plan over a thirty year period. The estimates that were used for the plan were based on the costs in the old contract with an allowance added on top for inflation.

The new contract prices for installation of all types of heating system are lower than the rates paid under the previous contract. This means that the estimates used in the Asset Management Plan can be reduced which will show a saving over the thirty years of the Business Plan, creating capacity of investment elsewhere.

### **Conclusion**

The cost of this contract represents a saving across both main elements of the contract. This allows us to widen the scope of our current heating servicing to include elements that were not included previously.

The quality submission received from Aaron Services showed a high level of understanding of the requirements of the contract. They also demonstrated that they had the ability to deliver the contract in the way that we would expect.

The supplier has been procured in compliance with the contract procedure rules, and all necessary due diligence has been carried out by the Council Officer.

**9. Authority / Legal Power:**

Cabinet members have delegated authority to take any decision in relation to functions within their portfolio subject to certain reservations.

This decision falls within the Portfolio for Housing and Landlord Services is not subject to a reservation and may be taken by the Portfolio Holder.

**10. Background Papers attached?**

**No**

**11. Alternative options available / rejected:**

1. To procure the contract through a framework – this was considered and discounted as the framework options did not meet the wide range of requirements that we had.

**12. Implications:**

<p><b>Legal</b></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). The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts.</p> <p>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 - 1 November 2023]</p>
<p><b>Finance</b></p>	<p>The £10k saving on the contract over the 5 years will slightly increase the flexibility in the business plan. The Asset Management Plan is in the process of being updated so any saving identified for installations will be built in there.</p> <p>[Finance Approval - 3 November 2023]</p>

<b>HR</b>	N/A
<b>Procurement</b>	Regarding including scoring this is considered ok as it is anonymised and is high level therefore has little to no commercial value or confidentiality.  [Procurement Approval – 31 October 2023]
<b>Other</b>	The following checks have been carried out in relation to the contract provider: - Financial credit checks - Insurance certificates - Health and safety policies

<b>13. Signature of Officer with authority to sign :</b>	Email approval received <b>Michelle Howard</b> <b>Director for Housing and Communities (Deputy Chief Executive)</b>
<b>14. Officer Responsible for Procurement:</b>	<b>I confirm compliance with the Contract Procedure Rules</b> <b>Name: Chris Flannery – Housing Asset Manager</b>
<b>Date: Call In Waived by Scrutiny Committee Chair?</b>	N/A
<b>Has this been discussed by Cabinet Members?</b>	No
<b>Cabinet Portfolio Holder Signature</b>	Email approval received <b>Councillor Pip Allnatt</b> <b>Leader of the Council &amp; Portfolio Holder for Housing and Landlord Services</b>
<b>Declarations/conflict of interest?</b>	-

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