

**CABINET
19 DECEMBER 2019**

EXTENSION OF GAS MAINTENANCE CONTRACT

Cabinet Member(s): Cllr Simon Clist,
Responsible Officer: Andrew Pritchard, Director of Operations

Reason for Report: To seek authority to exercise the final option in the 4+1+1 year contract for the inspection and maintenance of gas appliances across the Housing Revenue Account stock.

RECOMMENDATION: that Cabinet exercise the option to extend the existing contract for a further year from 1 April 2020 to 31 March 2021

Financial Implications: The extension value is circa £350,000; that sum being in the budget for the proposed period.

Legal Implications: The original decision to award the contract on a 4+1+1 basis is attached at Annex A (as per the original in Part 2).

Risk Assessment: None directly arising from this report.

Equality Impact Assessment: None directly arising.

Relationship to Corporate Plan: The Council must run the Housing Service efficiently and effectively in accordance with the provisions of the regulatory framework. Gas Safety is a statutory obligation placed on the landlord and a key performance indicator.

Impact on Climate Change: The housing service has actively invested in energy efficiency; extensive use of solar PV and air source heat pumps already exists. The ongoing circa £170M 30 year maintenance programme has a significant focus on ensuring energy efficiency. Where sustainable options are available they are utilised; however, it is acknowledged that where there is a significant cost differential that plays heavily in the choices made.

Officers sometimes have to respond to emergencies. In such cases, safeguarding concerns will take priority in order to minimise risk and it is accepted that the ability to manage such issues effectively may have an environmental impact which would not occur if work can be planned in advance and managed in a more co-ordinated way.

Where existing gas infrastructure is in place ensuring appliances work as efficiently and safely as possible helps minimise the detrimental impact of burning a fossil fuel.

1.0 Introduction/Background

- 1.1 The purpose of this report is for Cabinet to consider extending the existing gas inspection and maintenance contract for the HRA stock. The original decision to award is attached at Annex A (in Part 2). This would be the last and final contract extension option. If Cabinet is minded to extend the contract a new tender process will need to be undertaken in 2020 to ensure continuance of service from 1 April 2021

2.0 Matters supporting the option to extend

- 2.1 The current arrangement provides a catch-all solution that offers a low unit cost; gas safety compliance is good. The contract provides for the Council to exercise the extension option. It offers value for money in the current market without committing the Council to guarantee work to a specific value.
- 2.2 The existing contractor has been able to implement changes to the existing work programme (implementation of Reg 36A, moving to a predominantly summer servicing/inspection programme and focussing on grouping works geographically) without additional cost. Any additional inspections required to achieve the new programme can be readily absorbed into the original planned annual budget. These changes will secure future savings and improvements to the reactive element of the contract.
- 2.3 The time frame to secure and mobilise an alternate contractor prior to 1 April 2020 is deemed a considerable risk.

3.0 Matters countering the option to extend

- 3.1 The current provider delivers an effective service to the customer; the face-to-face element of the service is good. However, back office functions are at times, less than optimal. Higher level management functions are poor whilst call centre handling and engineer response out-of-hours is not ideal.

4.0 Conclusion

- 4.1 The service issues identified to date balanced against the risk of statutory compliance favour a recommendation to extend the current arrangement.
- 4.2 As the original procurement award was on a 4+1+1 basis should the council exercise its last and final year extension a full procurement exercise for gas inspection and maintenance will be conducted in 2020 to ensure service continuity.

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Circulation of the Report:

List of Background Papers:

Annex A – Previous decision document.