
Report for: Cabinet

Date of Meeting:	02 September 2025
Subject:	AWARD OF CONTRACT FOR THE UPGRADING OF AIR SOURCE HEAT PUMP SYSTEMS TO COUNCIL HOMES 2025 - 2028
Cabinet Member:	Cllr Jane Lock - Cabinet Member for Housing, Assets and Property
Responsible Officer:	Simon Newcombe – Head of Housing and Health
Exempt:	None – open, direct Framework award
Wards Affected:	All
Enclosures:	None

Section 1 – Summary and Recommendation(s)

To advise Members on the results for the tendering of the Upgrading of Air Source Heat Pump Systems Contract 2025 - 2028 for Housing Revenue Account (HRA) properties and confirm the award of the contract.

Recommendation(s):

- 1. It is recommended that the Upgrading of Air Source Heat Pump Systems Contract 2025 - 2028 with the option to extend to 2029, be awarded to PH Jones Ltd.**
- 2. Delegated authority be granted to the S151 Officer (in consultation with the Cabinet Member for Housing, Assets and Property) to complete the associated Upgrading Air Source Heat Pump Systems Contract 2025 – 2028 for HRA properties with the option to extend to 2029.**

Section 2 – Report

1 Introduction

- 1.1 The term of this contract is 2 years 6 months to align with financial/accounting years with a possible 1 year extension subject to budget, performance and the approval of the Head of Housing in consultation with the Cabinet Member for Housing, Assets and Property.**

- 1.2 The procurement procedure was a direct award process via the Procurement for Housing (PfH) Framework Heating Solutions framework, Lot 1 – Domestic Heating - Servicing, Repairs, Maintenance, Installations and Associated Services.
- 1.3 The Council has a number of Air Source Heat Pump (ASHP) systems installed across its stock as part of its rolling commitment to replace end-of-life existing heating systems and reduce its carbon footprint. Some of these systems have been installed for over 10-years and in common with all heating systems require regular maintenance and updating.
- 1.4 These works were previously included in a combined heating maintenance contract awarded in 2022 which is coming to an end. A review of contract delivery and consideration of the different nature of ASHP systems (compared to traditional heating systems), the age of some MDH systems, together with apparent contractor challenges in carrying stock for upgrades and repairs across all systems means that MDH have opted for a separate ASHP contract. This is with a contractor that can provide a dedicated service and the compliant procurement process to award this contract via a framework is set out below.

2 Framework Compliance and Benefits

- 2.1 PfH is a purchasing consortium that is open to all UK Housing Associations, Local Authorities and other public bodies. PfH is a Contracting Authority under EU procurement directives and UK public procurement regulations. PfH are one of the largest goods and services consortia based in the UK with an annualised spend under management (SuM) of more than £0.4bn, 1,100 members and 650+ active customers, across a range of products and services.
- 2.2 PfH provides a shared procurement expertise and resource. In relation to the specific Mid Devon Housing (MDH) contract requirements, it provides a comprehensive range of services and capital works, tailored to the specific needs of the client.
- 2.3 As with all public sector expenditure on goods and services, the process of procuring new maintenance and repair contracts must comply with strict public procurement rules including the recently implemented Procurement Act 2023. In order to provide assurance in respect of procurement and ensure maximum consistency of pricing without putting every contract award through an expensive bespoke market tendering exercise, direct awards can be undertaken. A direct award is permitted under the current procurement legislation and each direct award is made under a compliant framework.
- 2.4 Frameworks are umbrella agreements that set out the terms, that include specification, quality, price, quantity, under which individual contracts (call offs) can be made during the lifetime of the framework (normally 4 years). Legislation governs the way frameworks are run. Suppliers compete through open competition to be appointed to a framework. Publicly funded contracting

authorities such as the council then call off individual contracts or run specific tender/competition exercises across those contractors appointed onto the framework.

- 2.5 Frameworks also provide wider assurance due to in-depth expertise in specific sectors, high quality specifications and pre-tender engagement through to consistency and independence of the evaluation and award process. There are further advantages in speeding up the procurement process and enabling works to progress more quickly. As such, where it fits with the operational requirements of the service, MDH have awarded several other framework contracts recently including elements of its planned maintenance programme and the development of new homes.
- 2.6 This framework procurement approach was specifically agreed with the Council's Procurement Service prior to commencement and the proposed contract has been reviewed by the Council's Legal Service.
- 2.7 The requirement has been advertised and capable suppliers have been identified through competitive procurement as further set out below.
- 2.8 All suppliers have been fully assessed for their experience, technical and professional ability

3 Procurement Process

- 3.1 In total 73 contractors submitted tender response for the framework and following an extended PfH evaluation process (Price / Quality Split 30% / 70%), 33 companies were appointed as suppliers via the framework to provide a mixture of domestic and commercial heating across the regions of England, Wales and Northern Ireland.
- 3.2 The quality aspect of the contract evaluation targeted service delivery and engagement, health and safety, resources and subcontracting, customer service facilities and management information and reporting.
- 3.3 For Lot 1 domestic heating, there were 5 contractors that expressed a desire to work within the South West with PH Jones scoring best of those able to meet MDH requirements.

4 Conclusion

- 4.1 Approval is required from Cabinet for award of the proposed contract.
- 4.2 Following the decision to award, there will be a compulsory 10 day standstill period after which the contract will be awarded.
- 4.3 Mobilisation will take up to one month and the contract will not commence before 12 October 2025.

Financial Implications

The Housing Revenue Account (HRA) budget for the works is £300,000.00 per annum. Each upgrade and relevant works will be surveyed and fully costed prior to a works order being issued. Capital investment in the MDH stock will result in a lower revenue cost in the coming years, which will enable the repairs service to operate more effectively and manage future maintenance costs.

Legal Implications

We have a legal duty to let our Council Homes in a reasonable condition, which also contributes to the Decent Homes Standard, the wellbeing of our tenants and our Tenant Satisfaction Measures. The conditions of engagement are based on a standard PfH contract, which provides a robust framework for managing and controlling the performance of the contractor.

Risk Assessment

The principal risk is failing to limit costs due to additional works and delivery of the programme. The performance of the contract shall be monitored monthly and corrective action will be taken where performance falls below Key Performance Indicator Targets. These include: 1) customer satisfaction; 2) variations and extras; 3) delivery of programme; 4) number of defects; and 5) managing Health and Safety.

Impact on Climate Change

MDDC were early adopters of heat pump technologies in our properties. These works will maintain ASHPs in suitable properties. Modern heat pumps are more efficient and the refrigerant used is less harmful to the environment. Therefore upgrades to early systems will offer further benefits.

Equalities Impact Assessment

All staff have received Equality and Diversity awareness training. MDDC discuss equality and diversity at the progress meetings and encourage the contractor to carry out awareness training.

Relationship to Corporate Plan

Homes are a priority for the Council and in the context this contract supports the delivery of several key objectives, including; investing in our homes, monitoring tenant satisfaction and ensuring our tenants feel safe, secure and happy in our homes.

The contract will also contribute towards meeting our obligations relating to the Decent Homes Standard by making best use of the existing stock

The works will also maintain delivery of the MDH/Council carbon targets regarding climate change

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Deputy Chief Executive (Section 151 Officer)

Date: 22.08.2025

Statutory Officer: Maria De Leburne

Agreed on behalf of the Monitoring Officer

Date: 22.08.2025

Performance and risk: Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 22.08.2025

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Mike Lowman, Operations Manager for Housing

mlowman@middevon.gov.uk or Simon Newcombe, Head of Housing and Health
snewcombe@middevon.gov.uk.

Background papers: None