

**Report of Chief Officer, Property and Contracts, Housing Leeds**

**Report to Director of Environment and Housing**

**Date: 16<sup>th</sup> April 2015**

**Subject: Gas Servicing, Repair and Installations Procurement**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. This report seeks authority to spend and approval for the proposed procurement route, including the scope of service, for gas servicing, repair and installations provision citywide.
2. It is proposed that the contract length will be four years with the provision to extend by 4 x 12 months. The total value of these contracts over a four year term is circa £43m. (South Area: £13m, East Area: £17m, West Area: £13m).
3. To ensure an appropriate mix of service provision across the city and reduce risk for the Council, it is proposed that the gas servicing, repair and installations service will be divided into three separate contracts (South, East and West). These will be openly advertised under one contract notice in OJEU as three lots. It is intended that successful tenderers will be restricted to delivering only one lot each. The Public Contracts Regulations 2015 (“the Procurement Regulations”) confirm the ability to restrict lots to a specified number of providers under one procurement exercise.
4. The procurement of these services forms part of a wider strategy for domestic heating in Leeds which includes the expansion of the Council’s internal service provision. This report provides an overview of this strategy; however separate decisions reports will be produced for this element.
5. To facilitate the procurement strategy, particularly a phased approach to mobilisation, this report seeks approval to extend the contract with Mears Group Ltd in the West of the city and to extend the commercial element of the contract with Mears in the South of the city for 1 year until 31st March 2017.

6. This report aligns with the procurement strategy for citywide repairs and maintenance which was approved at Executive Board on the 11<sup>th</sup> February 2015.
7. The proposed budget is in line with the HRA Investment Strategy for capital expenditure. Future annual capital and revenue budgets will need to take into consideration the spend committed by approval of the recommendations in this report.

## **Recommendations**

The Director of Environment and Housing is recommended to:

1. Note the overall strategy for gas domestic heating provision in Leeds.
2. Grant the authority to spend circa £43m (South Area: £13m, East Area: £17m, West Area: £13m) over the 4 year contracts. Costs include all statutory obligations and capital investment in line with the HRA Business Plan.
3. Consistent with the city-wide housing repairs and maintenance procurement strategy 2016 Executive Board Report dated 11th February 2015; approve the proposed scope of service and procurement route for gas servicing, repair and installations provision.
4. Approve the extension of the current gas servicing, repair, installations and commercial contract in the West of the city and the commercial element of the contract in the South of the city with Mears Group Ltd for 1 year from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017. The annual value of these proposed extensions is circa £2.6m.

## Purpose of this report

- 1.1 To inform the Director of Environment and Housing of the overall strategy for domestic heating provision in Leeds, providing the context for the recommendations in this report.
- 1.2 To seek authority to spend from capital and revenue budgets as detailed in recommendation 2. A further decision will be required for contract award.
- 1.3 To seek approval for the scope of service provision to be procured and the procurement route.
- 1.4 To seek approval for a one year extension of the current gas servicing, repair, installations and commercial contract in the West of the city and the commercial element of the contract in the South of the city with Mears Group Ltd.
- 1.5 The Council's Contract Procedure Rules (CPRs) section 3.1.8 requires a delegated decision to undertake a procurement at the point that the procurement route is chosen. Consultation has been undertaken with the Council's internal service provider (ISP) in compliance with CPR section 3.1.4. The ISP will deliver a proportion of the domestic heating provision in the city as outlined in section 3 of this report. Approval for the ISP proposals will be sought in a separate decision report.

## 2 Background information

- 2.1 The existing contracts in place for the Council's stock are detailed below:

Area	Scope	Contractor	Contract period plus extensions
West (c. 17,000 properties)	Gas servicing/ repairs/ installations/ commercial/ leaseholder servicing	Mears Group Ltd	31 March 2016 (5 x 12 months extension provision)
South (c. 11,000 properties)	Gas servicing/ repairs/ installations/ commercial/ leaseholder servicing	Mears Group Ltd	15 May 2016 (5 x 12 months extension provision)
East (c. 14,500 properties)	Gas servicing/ repairs/ installations/ leaseholder servicing	Liberty Ltd	30 June 2016 (no extension)
East (c. 1500 properties)	Installation	Aqua Interior Ltd	31 <sup>st</sup> March 2016 (12 month extension provision)
City (c. 1200 jobs 42,000)	Gas quality Audit	Corgi Technical Services	30 June 2016 (no extension)

properties)			
City (c. 2500 properties)	Domestic Heating Material's Provision	Procure Plus Framework – Plumbing Trade Suppliers Ltd	31 <sup>st</sup> March 2016 (12 month extension provision)

- 2.2 In addition, the Internal Service Provider (ISP) currently undertakes the commercial work for East area. The ISP services 12 assets and the value of the work is approximately £60,000 p.a. Commercial gas work is district heating to domestic properties and any non-domestic heating.
- 2.3 There is provision to extend both Mears contracts in the South and West by a further 5 x 12 months. It is proposed that the contract is amended for the South area to enable all elements except for commercial gas to end on the 31<sup>st</sup> March 2016 and that the West contract is extended until 31<sup>st</sup> March 2017. The proposed extension in the West is to ensure that adequate resources are available to support the mobilisation of the three contracts within Housing Leeds. It is suggested that no further extensions are utilised so that the Council is able to establish new contracts with a mix of providers, reducing the risks associated with considerable reliance on a single contractor. It also provides the opportunity to undertake a competitive procurement exercise.
- 2.4 Currently Leeds has three very different types of gas servicing and repairs contracts based on different specifications and contract forms, resulting from the separate ALMO arrangements. Re-procurement will establish consistency in the city which should result in efficiencies and improve contract management.
- 2.5 The new service seeks to improve customer experience through extended hours for appointments and narrower timeslots. The procurement will also seek to establish better cost certainty over the life of the contract and more robust performance and contract management. The service will continue to reduce fuel poverty through replacing low efficiency heating systems.
- 2.6 A Procurement Plan has been produced in line with the Council's Contract Procedure Rules which reflects the content of this report.

### **3 Main issues**

#### **Domestic Heating Strategy**

- 3.1 The vision for domestic heating provision as set out in the approved Category Plan is:
- 3.1.1 To provide a high quality service that meets all regulatory and statutory requirements.
- 3.1.2 The delivery of a more clearly defined and specified service with clear expectations defined prior to contract commencement. This will result in greater cost certainty being achieved and serve to mitigate against the potential for future commercial claims arising from any ambiguities.

- 3.1.3 That contractors reduce their reliance on sub-contracting where possible and appropriate.
- 3.1.4 To ensure that the required service provision is delivered through multiple contractors operating in the city, including the Council's ISP. This will reduce the risk that major issues such as poor performance and contract termination will affect the city as a whole.
- 3.1.5 The gas domestic heating strategy proposes the expansion of the ISP with:
- 3.1.6 **The creation of a gas servicing and repair function within the Council's ISP to support external arrangements.** This will align with the Best Council Plan which promotes an Enterprising Council. Based on analysis of the Council's stock by the Mechanical and Electrical Team, it is proposed that the gas servicing and repair ISP will service 6000 properties and will operate in the West area covering the following wards: Otley and Yeadon, Guiseley & Rawdon, Adel and Wharfedale Calverley & Farsley, Horsforth, and Weetwood. It is intended that the remaining areas in the West will be subject to external procurement. This will be a new function within the existing ISP and is anticipated to 'go-live' on the 1<sup>st</sup> April 2017. The intention is to continue to build on the skills and capacity of the ISP for potential future growth. There will be opportunities to increase the allocation of properties to the ISP on expiry of the new contracts.
- 3.1.7 **The expansion of the existing Commercial Gas ISP.** Commercial gas is currently delivered by the ISP in the East and the Council contracts with Mears Group Ltd to deliver provision in the West and South of the city. Mears currently service 42 assets in the South and 51 assets in the West and they contract with a single sub-contractor. The same sub-contractor is utilised by the Council's ISP. It is proposed that from April 2017 provision for the whole city will be offered to the ISP. This approach aims to build in-house expertise over a phased period and supports a number of the ISPs core activities, for example, heating of schools and civic buildings. As the ISP increases direct delivery, this will reduce the risk of one sub-contractor delivering a vast proportion of the work across the city. With the ISP both directly delivering and sub-contracting the work, there will also be a more consistent service provided to the customer. Commercial heating will continue to be delivered by the current contractor in West and South until March 2017. If there were changes to ISP capacity, commercial gas work would be procured as an individual contract as it requires different skills, equipment, expertise and qualifications from domestic gas servicing, repair and installation provision.
- 3.1.8 **The recruitment of two gas quality auditors to the Mechanical and Electrical Team to deliver Gas Quality Audit in-house.** Gas quality audit is currently provided by Corgi Technical Services and the contract ends on 30<sup>th</sup> July 2016 with no provision to extend. A strong gas quality audit function is essential, particularly in times of contract transition as the service provides assurance to the Council on the quality of gas servicing. It will therefore pose a significant risk if the audit contractor is procured at the same time as the servicing, repair and installation contracts. The current service costs £100k per annum for one gas servicing auditor. The new gas quality audit service will provide two auditors to audit gas servicing, repairs and installations and would cost £80k resulting in an efficiency of £20k and doubling the volume of audits undertaken. The auditors will be

directly employed by the Council and positioned within the Mechanical and Electrical Team.

- 3.1.9 **The ISP undertaking all leaseholder servicing citywide from April 2016 as a new function.** There are approximately 1200 leaseholders across the city and it is a condition of the lease that an annual gas safety check is carried out. This is the leaseholders' responsibility to complete but as an encouragement, the council currently offers this facility to the leaseholders via the domestic gas contractor. The potential contract value is c. £72,000 p.a. but in reality, less than 50% of leaseholders take up this offer. This means that there is little or no profit to a contractor delivering this work. The rationale for transferring the work to the ISP is to improve compliance and bring it in line with compliance in LCC owned properties (99% +). This approach will also improve customer service through a single contractor managing the programme. As risk mitigation, the servicing, repair and installation contractors will have the ability to undertake leaseholder servicing with a price defined in the schedule of rates. There will be no guarantee of this work with no volumes or budgets confirmed.
- 3.2 The proposals for the development of the ISP have been subject to initial stakeholder consultation including the Head of Service, Property ISP, Executive Member and Property and Contracts SMT. Separate decision reports will seek approval for these proposals from the Director of Environment and Housing and further consultation will be undertaken prior to the submission of the reports.
- 3.3 To support the implementation of the strategy, it is proposed that a 1 year extension is utilised for the procure plus framework for boiler materials (c. £3.3m per annum) until 31<sup>st</sup> March 2017. A separate decision report will seek approval for this extension. It is anticipated that a new contract will be procured for boiler materials to start on the 1<sup>st</sup> April 2017. The separation of materials for planned installations has provided significant savings to date (approx. £250,000); however a full options appraisal will be undertaken prior to procurement to assess other options such as using the managed stores contract.

### **Gas Servicing, Repair and Installation Procurement Approach**

- 3.4 Each lot will include the delivery of gas servicing and repairs based on a clearly defined specification<sup>1</sup>, random / ad-hoc installations (e.g. emergency replacements) and planned installations for the labour component only.
- 3.5 Planned installations will be included in the servicing and repair contract to:
- Improve the level of customer service through reducing the time to install boilers. This will be achieved through a more streamlined, customer orientated service.
  - Provide greater value for money through maximising the proportion of warranties adhered to as a single provider will both install boilers and manage warranties (The contractor will understand the obligations of the goods supplier).

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<sup>1</sup> Offering price per property for all servicing and maintenance with a small number of specified exemptions such as upgrade works

- Produce efficiencies through reduced labour costs within larger scale contracts.
- 3.6 The proposed procurement route is EU (restricted) procurement i.e. openly advertised in accordance with Procurement Regulations.
- 3.7 Two frameworks, Efficiency North and Fusion 21 were considered as options. It was determined that there were insufficient numbers on both frameworks to generate adequate competition for the three lots with only 4 providers on the Efficiency North Framework and 9 on Fusion21, some of which were purely installation contractors. It is proposed that a minimum of 10 tenderers would be desirable for the shortlist for the East and South lots and preferably 8 for the West lot. Twenty expressions of interest (PQQs) were received for the BITMO gas contract (1900 properties) in July 2014 and 8 companies were shortlisted. The benefits of undertaking an openly advertised procurement are:
- The entire gas market is entitled to tender for the contracts
  - Leeds can limit the number of lots to be delivered by each contractor
  - Leeds can opt to use JCT measured term contract form as detailed in section 3.15.
  - Leeds can effectively manage the procurement to reflect its own gas servicing requirements
  - Effective Procurement methodology can be utilised.
- 3.8 The procurement is scheduled to commence in 2015 under one contract notice for all three areas with contract commencement dates of:
- South, 11,000 properties – 1<sup>st</sup> April 2016
  - East, 14,500 properties – 1<sup>st</sup> July 2016
  - West, 11,000 properties – 1<sup>st</sup> April 2017
- 3.9 It is proposed that the service is divided into three separate contracts which will be advertised in OJEU under one contract notice as three lots and the intention is that each contractor will be limited to the award of one lot.
- 3.10 Advice has been sought from the PPPU legal team who have confirmed that the Procurement Regulations say (at regulation 46) that contracting authorities can divide contracts into lots and either stipulate how many lots each bidder is allowed to bid for or state that bidders may apply for all lots but will only be awarded a set number.
- 3.11 The Tender Instructions will include clear wording to explain the allocation process for each lot and a minimum price threshold will be used for the evaluation to reduce the risk of significantly varying prices. The full evaluation methodology will be included in the tender documentation.

- 3.12 The lots that the Council is seeking are of a significant size to attract both national social housing maintenance construction companies, large specialist gas companies and medium and regional companies.
- 3.13 The submission of PQQs and tenders for West area will be phased over the procurement period to ensure that information with respect to legal status and financial standing is relevant and up to date and that there is not a long period of time between contract award and contract start which may impact on contractor commitment and price. Legislation does not prohibit the phasing of lots.
- 3.14 The contract length for all three contracts will be 4 years with the provision to extend for 4 x 12 months. This provides enough time for the contractor to establish the service, seek to improve performance and identify efficiencies and innovation. It also provides a flexible extension period which is beneficial for the Council.
- 3.15 The preferred contract form for these contracts is JCT Measured Term because:
- The JCT contract is a simple contract form which is utilised in the majority of gas servicing contracts in the social housing sector. Few contractors use NEC3 as evidenced by research from Corgi Technical Services.
  - A contract that is simple and accessible for contract managers will support effective contract management.
  - Market sounding demonstrated that more providers in the market had experience or preference of using JCT than NEC.
- 3.16 Due to the highly competitive nature of the social housing gas industry, it is proposed that the Mechanical and Electrical team supported by PPPU will develop a price evaluation methodology, including lower price thresholds, which ensures that bids are not purposely under-priced, thereby providing additional assurance to the Council. This methodology will be shared with tenderers in the tender documents.
- 3.17 A detailed project plan has been produced for the procurement. A high level timetable is provided below:

<b>Activity</b>	<b>Completion / Issue Deadline</b>
<b>Procurement Planning</b>	Oct 2014 – Feb 2015
<b>Housing Contracts Board recommendation (Project Board)</b>	Dec 2014
<b>Approval to Procure Report Development</b>	Dec 2014 – Feb 2015
<b>Market testing</b>	Feb 2015
<b>Approval to Procure Key Decision Sign off &amp; Call-in</b>	April 2015
<b>Contract Notice Issue (Invite EOI)</b>	Late April / Early May 2015
<b>East and South Lots</b>	



PQQs Submitted	June 2015
PQQ evaluation	Early July 2015
Invitation to Tender	Late July 2015
Tender Return	Early Sept 2015
Tender Evaluation completion	Early Oct 2015
Award Report Sign-off	Oct 2015
Alcatel	Oct 2015
Award Contract	Early Nov 2015
Contract Mobilisation South	Early Nov 2015
Contract Mobilisation East	March 2016
Contract Commencement South	1 April 2016
Contract Commencement East	1 July 2016
<b>West Lot</b>	
PQQs Submitted	Early Feb 2016
PQQ Evaluation	March 2016
Invitation to Tender	March 2016
Tender Return	May 2016
Tender Evaluation Completion	June 2016
Award Report Sign-off	Late June 2016
Alcatel	Early July 2016
Award Contract	July 2016
Contract Mobilisation West	September 2016
Contract Commencement West Area	1 April 2017
ISP commencement in North West Area	1 April 2017

## Contract Management

3.18 Gas KPIs will be revised for this contract to ensure the robust management of performance using information that LCC can quality assure. Contract managers will be engaged throughout the procurement process and a contract management plan will be produced during the procurement, well in advance of the mobilisation period. Joint training on the contract will be provided for both LCC staff and the contractor to ensure a clear understanding of the contract documents and related roles and responsibilities.

## 4 Corporate Considerations

### 4.1 Consultation and Engagement

4.1.10 Executive Board approved the citywide repairs and maintenance strategy in February 2015 which includes an overview of the gas procurement strategy.

4.1.11 PPP & PU are represented on the Project Team and have provided advice on the procurement route. An information report was presented at the November Housing Contracts Board (HCB) and December meeting of the HCB Interim Panel which provided details of the proposed procurement approach. Housing Contracts Board is the Project Board for this project.

4.1.12 The incumbent contractors have also been consulted, specifically regarding contract extensions.

4.1.13 Soft market testing commenced in February 2015 with 42 organisations registering interest in the market sounding on YORtender and 16 organisations submitting completed questionnaires on the 13<sup>th</sup> March 2015. 14 organisations met with the project team to seek clarification on aspects of the market sounding document and to provide feedback. The market broadly supported the proposed strategy and the exercise confirmed significant interest in the opportunity. Key findings were:

- That the restriction of one lot to one provider would not prevent providers from tendering, although a small number would like the opportunity to tender for more than one lot.
- The lot sizes and areas were confirmed as appropriate for a significant majority of organisations, although two SMEs suggested that the lot sizes could restrict access for some smaller SMEs. One of these organisations still felt that they had the capacity to tender for the contract. The project team considered this feedback and it was determined that:
  - Although the lot sizes may restrict the ability of some SMEs to tender for the work, the market sounding exercise has returned that on the whole, there is a strong appetite within the market to tender for the works and a significant number of organisations have registered an interest in tendering. These organisations are generally larger companies but a number of SMEs have also registered an interest.
  - Reducing the size of the lots would result in either a) the need for a larger number of lots or b) a realignment of the geographical split within the draft strategy. It was felt that neither of these options was preferable to existing strategy, given the requirements to manage the contracts and the views of the market in general on the existing strategy.
  - The existing strategy does still provide opportunities for local SMEs in the form of sub-contracting. The strategy includes capital delivery within the domestic gas contract which has traditionally provided opportunities for SMEs to be contracted to principle contractors.
  - Over the last 5-10 years the domestic gas industry has seen a trend of the number of SMEs diminishing through acquisition by larger organisations. Examples include P H Jones to British Gas and EagaHeat to Carillion. As a result, the project team did not feel there was adequate competition amongst SMEs to tailor the strategy to this feedback.
- Organisations were comfortable with the phased approach to evaluation and there was sufficient interest in the West lot which will be awarded later than East and South.

- Organisations provided useful feedback about information and support that LCC can provide as part of the tendering process and throughout the life of the contract
- Organisations had a minor preference with respect to the contract form in favour of JCT and there was more experience of using JCT contracts.

4.1.14 Stakeholders, including tenants, will be consulted on the proposed service through the procurement process.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 The Equality, Diversity, Cohesion and Integration Screening (ECDI) document has been completed and there are no specific implications with respect to the procurement strategy.

4.2.2 An equality workshop held on the 5<sup>th</sup> February 2015 has identified some equality considerations for the service offer / specification which have been included in the ECDI screening and will be included in the relevant tender documents.

## **4.3 Council policies and City Priorities**

4.3.1 The domestic heating strategy links to the Vision for Leeds 2011 – 2030, specifically the ‘Best city... to live’ objectives which state that “Leeds will be a great place to live with good housing...” where “houses to rent and buy will meet the needs of people at different stages of their lives” and “local people benefit from regeneration investment”. The strategy also links to the City Priority Plan 2011 – 2015 which aims to “increase the number of properties with improved energy efficiency measures”, and “increase the number of properties which achieve the decency standard”.

## **4.4 Resources and value for money**

4.4.1 A project team has been established to deliver the project which includes resources from Housing Leeds and PPP & PU. Resources will be identified at the pre-procurement stage to deliver contract management.

4.4.2 The project team will seek to obtain value for money through a competitive procurement exercise and efficiencies will continue to be sought over the life of the contract through effective contract management. Although it is anticipated that the initial contract value may be higher than the value of the current contracts, these contracts should deliver more cost certainty and provide value for money in the long term.

4.4.3 Due diligence will be undertaken on price through the procurement exercise to ensure that tenderers submit a price that can be practically delivered.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 Advice has been sought from PPPU commercial team on the restriction of lots as detailed in section 3.10.

- 4.5.2 This is a Key Decision. The report does not contain confidential or exempt information and will be subject to call-in.
- 4.5.3 There will be provider to provider TUPE implications with respect to the procurement and the council's Legal Services will be consulted. Tenderers will be advised to take their own legal advice.
- 4.5.4 Separate Delegated Decision reports will be required for:
- Contract award (gas servicing, repair and installations)
  - Development of the gas servicing and repair ISP function, development of the internal gas audit service, expansion of the commercial gas ISP, the inclusion of leaseholder services in the current ISP and any additional staffing resources
  - Extension of the current procure plus framework contract for boiler materials.

## 4.6 Risk Management

- 4.6.1 A risk log has been produced for the procurement exercise following a risk workshop with relevant stakeholders. Some of the key risks identified are:
- **Procurement of new Housing IT systems has a negative impact on the mobilisation and / or delivery of the new service.** Mitigation: will involve work to identify how the IT project will impact on the gas project timeline, meetings with Housing ICT to define requirements for the gas project. Project team members will also attend workshops to inform the specification for the new system. It should be noted that the current project plans suggest that all of the gas contracts will be mobilising on the current systems. This risk is also an opportunity as the new system may improve interfaces with other LCC systems such as Yortender and improve the quality of information available.
  - **The new gas servicing and repair ISP (servicing 6000 properties) is not fully mobilised by April 2017 which could have an impact on service continuity and the ability to deliver a value for money service.** Mitigation: A project team will be established and robust Business Case produced. A project plan (timetable) will be developed and to address any slippage in timescales, a date will be identified to undertake the procurement of a short term contract to provide further time for ISP mobilisation if required.
  - **Resources and skills for contract management inadequate.** Mitigation: A contract management plan will be drafted in the pre-procurement stage and contract managers will also be identified early in the project and involved in the procurement process.
  - **There is a risk that TUPE information is not accurate and / or the required or expected number of staff do not transfer to a new provider.** This will have an impact on tenderers accurately pricing their tenders and on the ability to mobilise the new service. Mitigation: TUPE information will be requested by LCC as part of the procurement process and shared with shortlisted providers. LCC Employment Legal are currently reviewing TUPE clauses in the terms and conditions for the current contracts.

- **There is a risk that failure to meet the procurement programme will impact the Gas service in East where there is no provision for contract extension.** Mitigation: The current programme provides sufficient time to procure a replacement service assuming approval of the strategy report in mid-April 2015.

## 5 Conclusions

- 5.1 Housing Leeds are seeking to provide an excellent gas service in the city, offering a high quality service which is accessible to customers and seeks to deliver the service 'right first time'. To provide this, a strategy has been developed for the delivery of gas domestic heating provision.
- 5.2 It is proposed that three servicing, repairs and installations contracts are openly advertised in OJEU as three lots with contract commencement dates of South area 1<sup>st</sup> April 2016, East area 1<sup>st</sup> July 2016 and West area 1<sup>st</sup> April 2017.
- 5.3 It is anticipated that successful contractors will be restricted to delivering a maximum of one lot to ensure that there is an appropriate mix of service provision across the city.
- 5.4 The procurement will be supported by a clearly defined specification, stock data and robust arrangements for contract management.
- 5.5 To support the procurement strategy, this report seeks approval for the extension of the current contract in the West of the city and extension of the commercial element of the contract in the South of the city with Mears Group Ltd.
- 5.6 External arrangements will be complemented by the expansion of the Council's Internal Service Provider. A separate decision report will seek approval for the development of the ISP.

## 6 Recommendations

The Director of Environment and Housing is recommended to:

- 6.1 Note the overall strategy for domestic heating provision in Leeds.
- 6.2 Grant the authority to spend £43m (South Area: £13m, East Area: £17m, West Area: £13m) over the 4 year contracts.
- 6.3 Consistent with the City-wide Housing Repairs and Maintenance Procurement Strategy 2016 Executive Board Report dated 11th February 2015, approve the proposed scope of service and procurement route for gas servicing, repair and installations provision.
- 6.4 Approve the extension of the current gas servicing, repair, installations and commercial contract in the West of the city and the commercial element of the contract in the South of the city with Mears Group Ltd for 1 year from 1st April 2016 to 31st March 2017. The annual value of these proposed extensions is circa £2.6m.

## 7 Background documents<sup>2</sup>

7.1 None

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<sup>2</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.