
Report of Housing Leeds – Domestic Heating Materials Provision

Report to: Director of Environments & Housing

Date: December 2015

Subject: Approval to extend existing heating materials contract

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. The current Domestic Heating Materials provision runs out 31st March 2016 with the option to extend for a further 12 months.
2. Analysis has been undertaken to ensure that the utilisation of the contract extension period represents value for money and supports the Council's procurement strategy for domestic heating.

Recommendations

3. It is recommended that the Director of Environment & Housing approves the extension to this arrangement for the 12 months available.

1 Purpose of this report

- 1.1 To provide justification to extend the current arrangement with PTS for a period of 12 months as per the options available.

2 Background information

- 2.1 An arrangement with Plumbing Trade Supplies (PTS) was procured via Re:Allies to deliver Domestic Heating materials, each individual element is provided by specific manufacturers in accordance with the evaluation process carried out as part of the framework call off.
 - 2.1.1 Lot 17 – Boilers
 - 2.1.2 Lot 18 - Radiators
 - 2.1.3 Lot 19 - Chemical Water Treatment -
 - 2.1.4 Lot 21 - Heating Controls
 - 2.1.5 Lot 22 - Radiator Valves
 - 2.1.6 Lot 23 - Fires
- 2.2 The current provision commenced 24th April 2014, and will expire on the 31st March 2016 with the option to extend for a further 12 months.

3 Main issues

- 3.1 The current arrangement appointed the Most Economically Advantageous manufacturer to deliver specific materials needed and is co-ordinated by PTS on behalf of Re:Allies.
- 3.2 A 12 months extension provision will allow the Gas Project Team to undertake a full review of the procurement options, whilst keeping a consistent approach to materials provision whilst the Servicing, Repairs & Installations contracts are mobilising in April 2016, June 2016 & April 2017.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 No leaseholder consultation is appropriate for this provision, as no communal works will be carried out.
- 4.1.2 Tenants will be communicated with where appropriate to do so, once work has been announced on their properties, this will be carried out by Housing Leeds and the Servicing, Repair & Installations contractors, rather than the materials providers.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The current domestic heating provision runs out 31st March 2016 with the option to extend for a further 12 months. The report seeks an extension to this arrangement for the 12 months.
- 4.2.2 Extending the contract will have a positive impact by ensuring Housing Leeds is able to continue to provide new heating systems on a planned basis to all service users across the city.
- 4.2.3 The approval to extend the contract will ensure that Housing Leeds remains faithful to its investment strategy, removing unreliable, inefficient, expensive to run and maintain appliances for high efficiency appliances.
- 4.2.4 This will also ensure Housing Leeds can also contribute to reducing fuel poverty in Leeds.
- 4.2.5 Implementing the framework contract extension will have a positive impact on service users requiring this service and will enhance their homes' efficiency and comfort.

4.3 Council policies and Best Council Plan

- 4.3.1 This contract supports the objectives within the Housing & Regeneration City Priority Plan. It will contribute to improving housing conditions and increasing the decency rating.
- 4.3.2 Employment & Skills targets cannot be applied to a contract of this nature, but has been implemented into the Servicing, Repair & Installations contracts currently being procured.

4.4 Resources and value for money

- 4.4.1 Throughout the initial procurement the following lots were assessed on a price / quality split to identify the most economically advantageous tender:

- Lot 18 - Radiators
- Lot 19 - Chemical Water Treatment
- Lot 21 - Heating Controls
- Lot 22 - Radiator Valves
- Lot 23 - Fires

- 4.4.2 The boiler provision was assessed on a price only basis whilst ensuring the boilers offered met the specification requirements of Housing Leeds.

- 4.4.3 In September 2015 a value for money assessment was completed to ensure that the existing framework continued to offer best value. This involved a like-for-like comparison of high value and high volume items against comparable frameworks available to the council. This exercise returned that the average savings provided by the existing framework were:

- Boilers - average 6.3% saving
- Radiators - average 8.4% saving
- Controls - average 12.2% saving

4.5 Legal Implications, Access to Information and Call In

4.5.1 This decision is a Key Decision and is subject to call in.

4.6 Risk Management

4.6.1 The main risk identified is that without extending this provision Housing Leeds would need to seek alternative provision of materials to accompany the capital installations programme, Due to the project team resources and time available, it is not envisaged this can be done by April 2016. This could result in significant non contract spend which would be in breach of the EU threshold for supplies arrangements.

5 Conclusions

5.1 Extending the current provision provides value for money, and ensures compliancy with CPR's and EU Regulations, as well as allowing the project team adequate time to carry out a full procurement options appraisal and robust procurement exercise to deliver a new contract in 2017.

6 Recommendations

7 It is recommended that the Director of Environments & Housing approves the extension to this arrangement with PTS for the 12 months available to commence from 1st April 2016 with an estimated value of £3,000,000.

8 Background documents¹

8.1 None

¹ 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.