

Contract Extension of 58384 Commercial Gas Services for Housing Properties for a period of 6 months.

Date: 5th February 2024

Report of: Head of Leeds Building Services

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- This is to seek the approval of the Chief Officer Civic Enterprise Leeds to extend the current contract 58384 Commercial Gas Services for Housing Properties – Installation, Servicing & Maintenance for a further 6 months in accordance with Contract Procedure Rule (CPR) 21.2.
- 'Commercial Gas' refers to commercial gas heating systems and associated equipment. This work is independent of the domestic gas contracts in place across the city.
- The contract was originally procured and awarded directly to Sayes Services Limited which started on the 22nd September 2022 for a period of 18 months with the option to extend for a further 6 months under the same terms and conditions.
- The proposed contract extension is in relation to the 6-month extension and is proposed to be from 22nd March 2024 concluding on the 21st September 2024.

Recommendations

- a) The Chief Officer Civic Enterprise Leeds is requested to approve a 6-month extension with Sayes Services Ltd to the Commercial Gas Services for Housing Properties – Installation, Servicing & Maintenance contract for the period of 22nd March 2024 to 21st September 2024, at an estimated value of £250,000.

What is this report about?

- 1 This report is to seek to extend the current contract arrangements with Sayes Services Ltd (“Sayes”) in line with the available 6-month option for the installation, servicing and maintenance of commercial gas systems within the Council’s housing properties.
- 2 In August 2022 Sayes were directly awarded the contract using the Fusion21 Heating and Renewables framework.
- 3 The scope of the commercial gas service includes the installation, repairs, servicing, and maintenance of commercial and communal heating systems, including plant, infrastructure, and associated equipment. Currently, there are approximately eighty-three sites within the scope of this contract. It also includes the maintenance of pump stations to approximately fourteen tower blocks across the city.
- 4 Given their past experience and delivery there is confidence in Sayes’ ability to continue delivering an efficient value for money service citywide for the proposed 6-month extension.
- 5 Positive discussions with the Head of Property Management in Housing, and from the operational service team within LBS who manage the current contract, both confirm that they are fully supportive of this proposal and the contractor’s ability to deliver the service to the required levels based on previous and current performance.
- 6 There will be no price increase in the schedule of rates over the 6-month extension period.

What impact will this proposal have?

- 7 The extension will allow LBS to continue providing responsive repairs to commercial and communal heating systems, including ensuring maintenance and service schedules are achieved, and allow for new installations where necessary. This protects the welfare of tenants and building users by ensuring they have continuous access to heating and hot water and ensures the heating systems are operating in a safe and efficient manner.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 8 This extension will help to improve the energy performance and efficiency of the homes leading to reduced carbon emissions and reduced fuel poverty.
- 9 This will continue the Councils ambition to be a compassionate and caring city that tackles poverty and reduces inequality, by making sure that our tenants, including some of the most vulnerable people in our city, are able to live in safe, accessible, and well-maintained homes.

What consultation and engagement has taken place?

Wards affected: City wide

Have ward members been consulted?

Yes

No

- 10 It is anticipated that there will be no significant impacts to the wards.
- 11 An Equality, Diversity, Cohesion, and Integration (EDCI) screening was undertaken as part of the original procurement which has indicated that there is no negative impact.
- 12 The extension will support LBS with their responsibility of repairing, maintaining, servicing, and installing new commercial gas systems throughout the city, on behalf of Housing Leeds.

13 Consultation with the operational service team and the Head of Property Management for Housing has taken place, and all are in agreement with the recommendations in this report.

What are the resource implications?

- 14 The extension will allow LBS to continue providing responsive repairs to commercial and communal heating systems, including ensuring maintenance and service schedules are achieved, and allow for new installations where necessary. This protects the welfare of tenants and building users by ensuring they have continuous access to heating and hot water and ensures the heating systems are operating in a safe and efficient manner.
- 15 As part of this proposed contract extension Sayes have been contacted and are keen to extend the contract further for the proposed 6-month period, in line with the contract terms and conditions.
- 16 It is anticipated that this proposed extension will have an estimated spend of £250,000.
- 17 Given the nature of the works and the requirements of this contract, there is no guarantee of any volume of works throughout the contract term. Actual spend will be based on works required against the Schedule of Rates submitted at the initial tender stage.

What are the key risks and how are they being managed?

- 18 The key risk includes the reliance on one contractor to deliver the commercial gas function across the whole city. This will continue to be managed with robust contract management processes in place. It should be noted that Sayes has a long-standing relationship with the Council and has consistently delivered services to a high standard throughout the course of their existing contracts. Additionally, LBS have qualified gas engineers who could support the delivery of this work if issues with capacity arise.
- 19 The contract will continue to be managed and monitored by the appointed contract manager within LBS to ensure the benefits of the services are maximised to meet Housing Leeds's requirements.
- 20 During the proposed extension period the established contract management plan will be reviewed and continue to be used that clearly identifies roles and responsibilities of officers with contract ordering and performance management & monitoring activities. This plan also emphasises the perceived aims and objectives of the contract and how their realisation and contract success will be received and managed, in addition to the plan clearly stating the responsibilities of the contractor.
- 21 If the contract was not extended, the provision would still be required and therefore non-contract spend values would increase.

What are the legal implications?

- 22 There are no specific legal implications arising from this report. All activities relating to the proposed contract have been executed strictly in accordance with the Council's CPRs. CPR 21.2 permits contract extensions if: they are put in place before the contract expiry date, the proposed extension is in accordance with the contract terms, and the Authorised Officer has established in writing that the extension will deliver best value. These requirements are considered satisfied.

- 23 The current contract was established through a direct award process using the Fusion21 Heating and Renewables Framework. This was undertaken in line with the Council's CPRs and the Public Contract Regulations 2015 to ensure fairness, transparency, and achievements of value for money.
- 24 Extending the contract is a direct consequence of a key decision ref D55494 taken on 1st August 2022 and should be treated as a significant operational decision and as such, is not eligible for call in.
- 25 Due diligence checks of Sayes have been conducted and they are still a financially sound organisation limiting the risk of financial issues and works not being completed.
- 26 There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

Options, timescales and measuring success.

What other options were considered?

- 27 The option not to extend was considered, but it was felt that this would result in non-contract spend in a key area of service delivery.
- 28 To re-procure the contract on the open market. There isn't sufficient time and resources to carry out a full procurement exercise of this scale and as the contractor is meeting all the requirements of the contract, it is felt that the best course of action would be to extend the current contract for 6 months in line with available provision.
- 29 During this time work will be ongoing to consider the proposed in-source of this work into LBS at contract expiry and from October 2024.

How will success be measured?

- 30 LBS will regularly meet with the contractor to review their performance as well as deal with any on-going issues. This will continue throughout the 6-month extension period.
- 31 Successfully achieving all key servicing and maintenance schedules of the commercial gas systems installed throughout the city, including meeting completion dates for any new installations.

What is the timetable and who will be responsible for implementation?

- 32 LBS will be responsible for the implementation of this extension which will start on the 22nd of March 2024, and end on the 21st of September 2024.

Appendices

- N/A

Background papers

- [Contract Award](#)