



**Report of: BITMO Chief Executive Officer**

**Report to: Director of Communities, Housing and Environment**

**Date: 5<sup>th</sup> May 2021**

**Subject: Report seeking authority to extend the BITMO Gas Servicing and repairs contract for 2 years until 31<sup>st</sup> March 2024**

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton Park	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

### 1. Main issues

- 1.1 The report is seeking authority to approve the extension of the current contract for Gas installations, servicing and landlord safety certification within BITMO (which is due to expire 31<sup>st</sup> March 2022) with no further option to extend.
- 1.2 The current contractor Sayes is delivering this provision with no concerns.
- 1.3 This will align with the end date of a similar contract covering the South of the City which expires at the end of March 2024.
- 1.4 It is proposed that the BITMO contract be procured as a separate Lot within the broader South City procurement exercise. It will ensure a consistent city-wide service.
- 1.5 An extension to existing BITMO contract allows the service sufficient time to review, and develop, the scope and specification in line with LCC standards.

### 2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- 2.1 The procurement of all contracts supports Leeds City Council's (LCC) ambition for Leeds to be a compassionate and caring city that tackles poverty and reduces inequality. Through the provision of this service via a strategic procurement

BITMO will be ensuring that council tenants (including some of the most vulnerable people in our city) are able to enjoy living in safe, well maintained homes.

### **3. Resource implications**

3.1 Aligning procurements will release resource within the LCC procurement team, and will potentially reduce the total cost of procurement to BITMO.

### **4. Recommendations**

a) The Director of Communities, Housing and Environment is recommended to approve in line with Contracts Procedure Rules 21 an extension to the Gas Safety Installations and Servicing contract with Sayes which will remain upon the same terms & conditions for a period of two years until 31<sup>st</sup> March 2024, at an estimated cost of £1.2m

## **1. Purpose of Report**

1.1 The report is seeking authority to approve the extension of the current contract for Gas installations, servicing and landlord safety certification within BITMO which is due to expire 31<sup>st</sup> March 2022 with no further option to extend for a further period of 2 years till 31<sup>st</sup> March 2024. This will align with a similar contract covering the South of the City expires at the end of March 2024

## **2. Background information**

2.1 The BITMO Gas servicing, Maintenance, Installation and Repairs Contract delivered by Sayes Service Limited, commenced 1st April 2015 for a 5 year period till end of March 2020 with the option to extend for a further 2 x 12 months. The option to extend the contract till end March 2022 was approved in October 2019.

2.2 The current contractual arrangements are delivering a very good level of service and compliance.

2.3 BITMO is currently re-procuring its main Repairs and Maintenance Contract, earlier than intended due to an error in the original procurement exercise which has placed pressure on BITMO staffing resource. There is insufficient staff resource in BITMO to carry out a further stand-alone procurement at this time.

## **3. Main issues**

3.1 The current contracts for Gas installations, servicing and landlord safety certification within BITMO is due to expire 31<sup>st</sup> March 2022 with no further option to extend. A similar contract covering the South of the City expires at the end of March 2024.

3.2 BITMO are seeking approval to publish a Voluntary Transparency Notice (VTN) and to extend the existing contract by two years in order to align with LCC procurement activity.

- 3.3 A VTN is necessary because the revised total contract value over its full term would exceed the works value threshold. It would be necessary to vary the current contract in line with CPR 21 Contract Extensions and Variations in particular 21.3<sup>1</sup> and 21.7<sup>2</sup> to cover the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2024 at an estimated cost of £1.2m.
- 3.4 This proposed contract extension will enable BITMO to align with a similar procurement exercise being carried out by LCC in the South of the city, and for the BITMO contract to exist as a separate Lot within that exercise. It will ensure a consistent city-wide service.
- 3.5 An extension to existing BITMO contract allows the service sufficient time to review, and develop, the scope and specification in line with LCC standards

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The BITMO Board of Management have been consulted on the proposal outlined within this report.
- 4.1.2 The Head of Property Management at Leeds City Council has been consulted in the development of this report, including contribution from the Housing Leeds Procurement Team.
- 4.1.3 Leaseholder consultation was undertaken as part of the initial procurement exercise, however it should be noted that formal leaseholder consultation is not mandatory in respect to the optional 'safety check' offered to leaseholders as it is valued below £250

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An EDCI was undertaken as part of the initial procurement exercise. It is not anticipated that the proposed extension influences any changes to the outcomes. A refresh of the EDCI will be carried out as part of the proposed re-procurement activity.
- 4.2.2 The service and inspection element is governed by the fact that there is an obligation as a landlord to comply with the Regulations, and installation requirements are based upon pre-determined criteria i.e. the need to replace systems / appliances beyond economical repair, rather than any direct assessment of tenants themselves.

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<sup>1</sup> All extensions to any Council contracts must be in writing and reported to the Chief Procurement Officer in order that YORtender can be updated. Extensions of a Contract that are categorised as "variations" in the Contract terms and conditions will be governed by rules 21.5 to 21.9 and CPR 21.1 and 21.2 will not apply.

<sup>2</sup> All Contract variations must be in writing and signed by both the Council and the provider except where different provisions are made within the Contract documentation. The value of each variation must be assessed by the Authorised Officer and a Delegated Decision taken by the relevant Chief Officer. The Chief Procurement Officer must be consulted if: (i) the variation relates to a Midscale or Complex Project and involves a change to the terms and conditions of the contract (rather than the scope or price); and (ii) if there is any possibility that CPR 21.9 might apply. This is optional at the relevant Chief Officer's discretion for other projects.

### **4.3 Council policies and the Best Council Plan**

#### **4.3.1 Climate Emergency**

4.3.2 In 2019 the Elected Members of Leeds City Council declared a Climate Change Emergency, and we have a commitment to becoming carbon neutral by 2030.

4.3.3 The use of a local SME's to carry out this contract will have a positive impact on the climate emergency by reducing carbon emissions in the local area and the overall Leeds area. The extension of this contract will continue this positive impact on the Climate Emergency.

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

4.4.1 Aligning procurement across the city is strategically beneficial and contributes to Value for Money.

### **4.5 Legal implications, access to information, and call-in**

4.5.1 This report is a Key Decision and is therefore subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.5.2 Once the VTN referred to in section three above is published there is the potential risk of challenge that there are no real technical reasons justifying the extension of this contract to 31<sup>st</sup> March 2024, and that the Council is simply seeking to circumvent the application of the rules in relation to subjecting this opportunity to competition.

4.5.3 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.

4.5.4 In making their final decision, the Director of Communities, Housing and Environment should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

### **4.6 Risk management**

4.6.1 The risks to be managed cover operational resource within BITMO, operational delivery, and risk of challenge.

4.6.2 The approach outlined will mitigate the risk to operational resource within BITMO.

4.6.3 Operational delivery of the current contract is good and does not represent any risk to customer service or regarding compliance.

4.6.4 The risk of challenge is minimal. The defence to any challenge is that there is a strategic, resource and value for money rationale for extending the current contract in order to achieve greater alignment and better use of resources.

## **5. Conclusions**

- 5.1 The current contractor, Sayes, is delivering this provision with no concerns.
- 5.2 If the recommendations are not approved, there will be unnecessary pressure upon the resources of both the City Council procurement team and BITMO staff.
- 5.3 It is recommended that the incumbent contractor retains responsibility for the works within the BITMO areas of the city until the commencement of a future contract in 2024 to ensure consistency of delivery whilst a broader procurement is undertaken.

## **6. Recommendations**

- 6.1 The Director of Communities, Housing and Environment is recommended to approve in line with Contracts Procedure Rules 21 an extension to the Gas Safety Installations and Servicing contract with Sayes which will remain upon the same terms & conditions for a period of two years until 31st March 2024, at an estimated cost of £1.2m

## **7. Background documents<sup>3</sup>**

- 7.1 Extension report from October 2019  
<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=50169>

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<sup>3</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.