

# Authority to Extend Lot 1 and 2 Gas Fuelled Heating for South and East Leeds.

Date: October 2021

Report of: Head of Property Management – Housing Leeds

Report to: Director of Communities, Environment and Housing

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## What is this report about?

Including how it contributes to the city's and council's ambitions

- This report is to seek approval to extend the Gas Fuelled Domestic Heating contracts for an additional 24 months on Lot 1 South Leeds (expiring 1st April 2022) and an additional 21 months on Lot 2 East Leeds (expiring 30<sup>th</sup> June 2022)
- The works undertaken throughout the remaining contract term and extended term will contribute to the Best City Priorities of:
  - 'Housing of the right quality, type, tenure & affordability'
  - Improving energy performance in homes, reducing fuel poverty

## Recommendations

- a) The Director of Communities, Housing & Environments is recommended to approve the extension of Lot 1 South (below) for a period of 24 months commencing on the 1<sup>st</sup> April 2022 and is recommended to approve the extension of Lot 2 East (below) for a period of 21 months commencing on the 1st July 2022.
- b) DN192861 (Contract – 9V6A – MPZ323) Lot 2 East, British Gas Social Housing t/a PH Jones - £7.1m for the 21 month extension term.
- c) DN192864 (Contract – 9V6B – YU7PO3) Lot 1 South, Mears Limited - £6.0m for the 24 month extension term.

## Why is the proposal being put forward?

- 1 The Gas (Installation and Use) Regulations 1998 make it mandatory that gas appliances and installations are maintained in a safe condition at all times. Landlords are required by the regulations to ensure that all gas appliances are adequately maintained and that an annual safety check is carried out by the registered tradesperson.

2. The requirement is to provide annual servicing, as well as responsive repairs and maintenance and new installations to dwellings within the respective area of responsibility; this equates to approximately 25,800 properties (Lot1 - 11,800 & Lot 2 – 14,000).
3. There are 4 contracts to deliver the mandatory requirements as a social housing landlord with regards to Gas Fuelled Domestic Heating.
4. The above contract commenced:
  - 4.1.1 Lot 1 - 1st April 2016 for a period of 4 years with the option to extend for a further 4x12 month period. 1<sup>st</sup> April 2020 saw a 24 month extension implemented to this contract, leaving a remaining 2 x 12 months extension available for consideration.
  - 4.1.2 Lot 2 – 1st July 2016 for a period of 4 years with the option to extend for a further 4x12 month period. 1<sup>st</sup> April 2020 saw a 24 month extension implemented to this contract, leaving a remaining 2 x 12 months extension available for consideration.
5. The extension of the contract above would ensure the continued compliance and obligations under the Gas (Installations and Use) Regulations 1998.
6. It is proposed that a replacement procurement exercise is undertaken throughout this extension term to align all of the gas contracts city wide (including BITMO). The new contracts will commence 1<sup>st</sup> April 2024.

### What impact will this proposal have?

**2. Wards affected:** Ardsley & Robin Hood, Beeston & Holbeck, City & Hunslet, Crossgates & Whinmoor, Garforth & Swillington, Kippax, Methley, Middleton Park, Morley North, Morley South, Rothwell, Temple Newsam. Alwoodley, Burmantofts & Richmond Hill, Chapel Allerton, Gipton & Harehills, Harewood, Killingbeck & Seacroft, Moortown, Roundhay, Temple Newsam, Wetherby

Have ward members been consulted?       Yes       No

### What consultation and engagement has taken place?

- 6 The Mechanical & Electrical team has been consulted and is supportive of the recommendations in this report and supports the extension of the contracts highlighted.
- 7 Procurement and Commercial Services have been consulted in the development for this report, including contribution from the Housing Leeds Procurement Team.
- 8 Contractors associated with the extension have both been engaged with and are accepting of the approach to extend.

### What are the resource implications?

- 9 In line with Clause 10.1 of the Contract Terms, contractors are eligible for indices linked uplifts for the duration of the offered extension, which are determined to be in line with the market value, and therefore the contracts remain value for money:
- 10 The value of this provision per annum is:
  - Lot 1 - £3.0 p/a (£6.0m for 24month extension term)
  - Lot 2 - £4.1m p/a (£7.1m for 21month extension term)

## What are the legal implications?

- 11 The works outlined in this provision are governed by The Gas Safety (installation and use) Regulations 1998.
- 12 Uptake of this extension will be in compliance with the Council's Contracts Procedure Rules, and the contract terms outlined in the contract itself.
- 13 The extensions are a subsequent decision of a previous key decision, and this report is therefore a significantly operational decision which is not subject to call in.

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

- 14 A contract management plan was put in place in line with CPR 3.1.16 by the Contract Manager and this should mitigate any risks in the contract period. The current contract management plan has been reviewed and updated to reflect the extension of the contract and any future risks that need to be mitigated.

## Does this proposal support the council's three Key Pillars

- Inclusive Growth       Health and Wellbeing       Climate Emergency

- 15 Climate Emergency - It is not believed that the proposed extension decision is unlikely to have an impact either positive or negative on carbon emissions and the climate emergency. By improving energy performance in homes and increasing the efficiency of the heating provisions in homes this should have a positive impact on the environment and reduce the levels of emissions from energy production and ensure a more energy efficient heating system in the homes.

## Options, timescales and measuring success

### a) What other options were considered?

- 16 As there is an existing contract in place, and the contract performance from Mears and PH Jones is satisfactory, it is agreed that the extension of these contracts for 24 & 21 months respectively is the most appropriate approach at this time to allow for re-procurement of the provision citywide.
- 17 Re-procurement of the citywide provision to commence 2022 was a consideration, however due to the internal resource availability, it is agreed that April 2023 is more effectively achievable.

### b) How will success be measured?

- 18 Key Performance Indicators

The contractual KPIs are monitored on a monthly basis, covering gas compliance, repairs completed within target, same day fix and quality of work.

In addition, customer satisfaction with the quality of the service is measured and reported monthly.

### c) What is the timetable for implementation?

- 19 This extension will be implemented with the respective contractors no later than 1<sup>st</sup> December 2021.

## Appendices

- 20 N/A

## **Background papers**

21 N/A