



REPORT TO:	Officer Decision Notice
REPORT OF:	Assistant Director - Housing
REPORT AUTHOR:	David Higgs
SUBJECT:	Heating upgrade and servicing Contract 2024 - 2027
PURPOSE:	To award a contract to Aaron Services Ltd for the provision of heating repairs, servicing and central heating upgrades for 3 years with an option for an extension for up to an additional 3 years. [3+1+1+1].
KEY DECISION:	Yes
WARD(S) AFFECTED:	All wards
EXEMPT REPORT?	No

SUMMARY

The Council's current heating upgrade and servicing contracts expire on the 7th April 2024.

To meet the required statutory compliance there is a need to ensure that arrangements are in place for servicing and repairs to the various heating systems across the Council's housing stock. In addition, the Council continues to invest in heating upgrades to ensure that tenants have reliable and efficient heating systems in their homes.

To meet these statutory requirements, continue to invest in central heating upgrades which is considered essential to meet the Decent Homes Standard and ensure our properties are equipped to meet tenants' needs. The Council needs to engage the services of a specialist contractor.

Following a procurement process, a contract will be awarded to Aaron Services Ltd to deliver these works for a period of up to 6 years (3+1+1+1) commencing on the 8th April 2024.

RECOMMENDATIONS

That the Council awards a contract to Aaron Services Ltd for the provision of heating repairs, servicing and central heating upgrades for duration of 3 years with an option for an extension for up to an additional 3 years. [3+1+1+1.]

REASONS FOR RECOMMENDATIONS

Following an open tender process (which is fully compliant with UK procurement rules), two tenders were received. All tenders were evaluated independently by three officers in accordance with the evaluation criteria set out in the documents provided to the bidding organisations (40% price, 60% quality).

Following that evaluation process the tender submitted by Aaron Services Ltd was the highest scoring tender overall.

OTHER OPTIONS CONSIDERED

Option 1 - Do nothing. This is not considered a viable option, by failing to carry out the servicing and maintenance of the heating systems there is a high probability of the Council being prosecuted for failing to meet the statutory requirements in relation to tenant safety. **Option not recommended.**

Option 2 - Award the contract to an alternative contractor – This is not considered to be appropriate because, following the evaluation process, Aaron Services Ltd submitted the most economically advantageous tender. **Option not recommended.**

1. BACKGROUND

- 1.1 As a landlord the Council has a statutory requirement to carry out safety checks on boilers and other forms of heating within its housing stock and community centres to ensure they operate safely, efficiently and do not put tenants and other users at risk.
- 1.2 Heating systems are upgraded on a cyclical capital works programme to meet the requirements of the Decent Homes Standard. Each year the Council reviews survey data together with performance data from servicing to identify a programme of replacements. This ensures that the Council continues to improve homes by providing tenants with a heating solution that is reliable and efficient.
- 1.3 The Council have existing contracts with Aaron Services Ltd for the provision of both heating servicing and central heating upgrades. Both of these contracts have reached the limits of any allowable contract extensions and terminate on the 7th April 2024.

2. REPORT

- 2.1 For the Council to safely service, maintain and upgrade its various heating systems it requires the services of a suitably qualified and competent organisation with the necessary resources to undertake all elements of the proposed contract.
- 2.2 Following an open tender process, two tenders were received. An evaluation was conducted by three Officers, scoring on the criteria of 40% price and 60% quality. The outcome of this process determined that Aaron Services Ltd submitted the most economically advantageous tender.

3. CONCLUSION

3.1 That the Council awards a contract to Aaron Services Ltd for the provision of heating repairs, servicing and central heating upgrades for duration of 3 years with an option for an extension for up to an additional 3 years [3+1+1+1] commencing on the 8th April 2024.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 There are no specific benefits to be realised by the partnership. However, the effective delivery of a sovereign partner council contract will contribute to the partnership's professional reputation.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

5.1.1 There are no noted implications for the partnership.

5.2 CORPORATE PRIORITIES

5.2.1 The award of this contract will enable the Council to continue to meet its statutory requirements and obligations under the Decent Homes Standard.

5.3 STAFFING

5.3.1 There are no resource implications noted at this time.

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.4.1 The procurement of the contract was subject to an open tender process managed by PSPS and therefore meets requirements under both UK Procurement Law and the Constitution's Contract Procedure Rules.

5.5 DATA PROTECTION

5.5.1 No concerns noted.

5.6 FINANCIAL

5.6.1 The costs associated with servicing and repairs comes from the HRA Revenue Account at an estimated value of £575,000 held in 5280 HRAM 20530. This amount has been approved in the 2024/25 budget

5.6.2 For central heating upgrades the works are funded to an annual value of £975,000 from the HRA Capital programme under 70100 CAPI. This budget is subject to annual approval.

5.7 RISK MANAGEMENT

5.7.1 None noted.

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

5.8.1 Informal consultation has been undertaken with relevant Portfolio Holders.

5.9 REPUTATION

5.9.1 Failure to maintain and service the existing heating systems will have a significant safety impact on tenants and other users and could lead to prosecution. These failures would have a significant impact on the Council reputation.

5.9.2 It is considered that by delivering these Heating upgrades it will have a positive impact on our tenants' lives. In meeting the Council's aspiration to become a landlord of choice, continuous investment in our housing stock will ensure our homes continue to meet the needs of a diverse range of customers.

5.10 CONTRACTS

5.10.1 The Contract will be awarded under a JCT Measured Works 2016 contract [MW2016].

5.11 CRIME AND DISORDER

5.11.1 None noted.

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 None noted.

5.13 HEALTH AND WELL BEING

5.13.1 Improving tenant's homes has well-being benefits, for those identified in the programme who agree for the works to be undertaken.

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None noted

6. ACRONYMS

6.1 JCT – The Joint Contracts Tribunal.

PSPS – Public Sector Partnership Services Limited.

HRA- Housing Revenue Account.

APPENDICES

None.

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council.

REPORT APPROVAL	
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Approved for publication:	Assistant Director Housing

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM: Assistant Director Housing

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED

REPORT: Heating upgrade and servicing Contract 2024 - 2027

REPORT DATE:

OPTION 1	£ Year 1 2024/25	£ Year 2 2025/26	£ Year 3 2026/27	£ Year 4	£ Year 5
Revenue	575,000	575,000 *	575,000 *		
Total capital cost	975,000	975,000**	975,000**		

Note

* All rates will be fixed price for the first 12 months. Prices for any subsequent 12 month period would be based on the BCIS price adjustment formulae indices prevalent at the time.

** On going capital funding is subject to annual approval.

Funding required:		Considered by:	Date:
Total capital cost	£975,000	Enter committee here	
Revenue cost	£575,000	Enter Council or Cabinet/Executive here	

Financial Services Comments

Risk

Procurement

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.