

Report for: Cabinet Member Signing – 21 October 2022

Title: Extension to Gas Works Contract

Report  
Authorised by: Judith Page, Assistant Director Housing Property Services

Lead Officer: Keith Rodney, Head of Mechanical & Engineering

Ward(s) affected: All

Report for Key/  
Non-key Decision: Key Decision

## **1. Describe the issue under consideration**

- 1.1. In September 2019 Home for Haringey commenced a procurement to identify contractors to carry out gas related servicing & repairs to its properties within the Western and Eastern regions of the borough.
- 1.2. The Managing Director of Homes for Haringey under delegated powers awarded two contracts, each for an initial term of two years with an option to extend up to three years in one year increments up to (maximum term of five years). These contracts were awarded to:
  - Purdy Contracts Ltd – Contract value £2.39m per annum
  - K&T Heating Services Limited – Contract value £2.36m per annum
- 1.3. The Council is now approaching the end of the initial contract term and would like to exercise the option of extending both of the above contracts for a further 12-month period commencing October 2022.
- 1.4. That for the approval of future contract extensions as permitted under the two contracts, the Councils Standing Orders and in accordance with regulation 72 of the Public Contract Regulations (2015) is delegated to the Director of Placemaking and Housing.

## **2. Cabinet Member Introduction**

Not applicable.

### **3. Recommendations**

The Cabinet Member for Housing Services, Private Renters, and Planning is recommended:

- 3.1. To approve the implementation of Contract Standing Order 10.02.1 b. pursuant to Contract Standing Order 16.02 and agree to extend both current Gas Servicing contracts with the following contractors:
  - Purdy Contracts Limited, Value of 1st year extension is £2.39 million.
  - K&T Heating Services Limited, value of 1st year extension is £2.36 million.
- 3.2. Each contract is to be extended for a period of 12 months commencing from 2nd October 2022 until the 1st of October 2023.
- 3.3. To delegate the approval of future contract extensions, as permitted under the two contracts, the Councils Standing Orders, and in accordance with regulation 72 of the Public Contract Regulations (2015), to the Director of Placemaking and Housing.

### **4. Reasons for decision**

The reasons for seeking to extend this contract are set out below:

- 4.1. In order to continue with the servicing and maintenance of Domestic & Commercial heating systems with minimal disruption to the residents.
- 4.2. To ensure continuity of ensuring that we are adhering to regulation 36 (Duties of Landlords) under the gas safe regulations 1998 to keep our residents safe.
- 4.3. This is the most economically advantageous route as a new procurement would inflate the contract sum under the current financial climate.
- 4.4. When the original procurement was conducted there were large savings made over the previous contract.

### **5. Alternative options considered**

#### **5.1 Undertaking a full procurement exercise to re-tender the contract**

As the contract was procured as a 2 year plus 3 x 1-year extensions it would not have been viable to go through a full tender exercise as this could take between 9-12 months to procure, also the contractors' performance is good, so it is felt that there is no need to re-procure for a new contract at this stage. However, there is an interest for this service to be insourced within the council, a review will be conducted within the next 12 months to explore this option further.

We also must consider the complexity of procuring such a contract, so by extending as per the contract award we are not leaving any of our residents vulnerable in terms of servicing & repairs.

Also, as the extension is due in October the seasonal aspect would be in our favour in order not to disrupt residents having any loss of services in the colder months.

## 5.2 **Do Nothing**

This is not an option, due to the Councils statutory health and safety obligations.

## 5.3 **In-house Delivery**

Homes for Haringey has only recently returned to the Council and there has not been sufficient time or capacity to undertake a review of this option. An enabling review will be undertaken within the next 12 months to explore service delivery options further.

## 6. **Background**

### **Procurement of Current Gas Maintenance Contract**

6.1 In September 2019 Homes for Haringey commenced a procurement exercise in accordance with the Public Contract Regulations 2015 Restricted Procedure. Following this procurement process a recommendation was made to award two contracts commencing October 2020 to Purdy Contracts Ltd and K&T Heating Services Limited for an initial period of two years and a further option to extend up to a maximum of three years in 12 month increments until October 2025.

6.2 These contracts were novated across to the Council from Homes for Haringey on 23 June 2022 following the transfer of Homes for Haringey to the Council.

6.3 A copy of the Gas Maintenance Contract award report can be found here.

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[7b Gas](#)

## 7 **Contribution to strategic outcomes**

7.1 The works outlined in this report will contribute to achieving the council's obligations to keep our residents safe, and to ensure that as a landlord we abide by regulation 36 of the gas safe regulations 1998.

7.2 We will collaborate with our contractor to ensure the following:

a) That the contract is managed/monitored & delivered within scope.

b) Ensure that all properties have a valid Landlord Gas Safety Record where possible

c) Ensure that we abide by environmental protection laws to carry out servicing to properties that have been difficult to access.

d) Maintain our KPI (Key Performance Indicator) within the 98%-100% threshold

## **8. Statutory Officer Comments**

### **8.1 Finance**

This recommendation is for existing contract extension for a period of 12 months as allowed in the existing contract arrangement.

The annual contract sum remains the same as in the two previous financial years of the contract and represents a maximum amount to be spent in the period.

This actual spend is monitored monthly and is expected to remain within the approved contract sum.

It is expected that a percentage of this sum will be capitalised as the works will relate to replacement of systems and boilers.

There is provision within the housing property services budget for this contract sum.

### **8.2. Legal**

8.2.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.

8.2.2 The extensions which this report relate to are in accordance with Regulation 72(1)(a) of the Public Contracts Regulations 2015.

8.2.3 Pursuant to Contract Standing Order 10.02.1(b) and Contract Standing Order 16.02, the Cabinet Member with the relevant portfolio responsibilities has authority to approve the extensions referred to in the recommendations.

8.2.4 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing the Cabinet Member for Housing Services, Private Renters, and Planning from approving the recommendations in the report.

### **8.3. Procurement**

8.3.1 Strategic Procurement notes the contents of this report and confirms the extension of the contracts as stated in the Recommendations above are consistent with Contract Standing Orders 10.02.01 b) (Cabinet to approve extension to contracts valued above £500k).

8.3.2. Strategic Procurement notes the award of the contracts contemplated three one-year extensions following the initial two-year term.

8.3.3 Strategic Procurement confirms these contracts were novated from Homes for Haringey to the Council on 23 June 2022.

## **8.4. Equality**

8.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

8.4.3 The proposed decision relates to contractors performing gas service-related work in Council housing stock, ensuring houses stay warm and safe for residents. The decision will ensure that Council houses stay safe for Council tenants. This will have a neutral impact on council tenants, many of whom share protected characteristics. As such, this decision is expected to have neither a positive nor negative impact on those with protected characteristics.

8.4.4 Criterion 6 of the Evaluation Criteria used to appoint Purdy Contracts Ltd & K&T Heating Services Ltd back in 2020 as part of their original commission on Social Value (Equality, Diversity, and Inclusion). Bidders were scored against this criterion to assess their consideration and application regarding social value and equality matters.

8.4.5 As an organisation carrying out a public function on behalf of a public body, the contractors will be obliged to continue to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above.

## **9. Use of appendices**

Not applicable

## **10. Local Government (Access to Information) Act 1985**

- Delegated decision Appointment of Gas Maintenance contract (July 2020)  
[7b Gas Maintenance Contracts Award \(002\).docx](#)