

Report for: Cabinet Member for Housing and Planning

Item number: 6

Title: Extension of current Gas Maintenance Contracts

Report authorised by: Scott Kay, Assistant Director for Repairs & Compliance

Lead Officer: Keith Rodney, Head of Mechanical & Engineering

Ward(s) affected: Haringey Borough Wide Region

Report for Key/

Non-Key Decision: This is a Key Decision due to the value and as such has been listed on the forward plan for Cabinet Member signing.

1. Describe the issue under consideration.

- 1.1. In September 2019 Homes 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
 - Sureserve Compliance Services Ltd – Contract value £2.36m per annum
- 1.3. The Contract is now approaching the end of its 5 year duration (which includes 3 x 1 year extensions) and is now due to be re-tendered for a further 7 years (5 years plus 2 x 1 year extensions), due to the complexity of the new contracts it will take longer than anticipated to be ready to retender and mobilise for 1st October 2025, we therefore request approval to extend both of the current contracts for a further 6-months commencing from 1st October 2025 until 31st March 2026.
- 1.4. This will enable enough time for the full procurement of 3 x new heating contracts which will consist of 3 lots, 2 x domestic lots and 1 x Commercial /Communal lot. It will also bring the start date of the new contracts into line with the new financial year from 1st April 2026, making budgeting and financial forecasting easier.

- 1.5. Re-procuring a new contract has proven to be more complex due to the need to have 3 x contracts in place. A completely new and separate commercial/communal heating contract has had to be developed in order to address newer technologies like renewable energy (Ground source and air source heat pumps), District Energy Networks and complex heating systems, the commercial/communal heating contract also needs to align with the new Heat Network regulations which will come into force in 2025, and heavily regulated under a Heat Network Technical Assurance Scheme (HNTAS) to ensure fairer pricing, clearer billing and improved service standards for residents.

2. Cabinet Member Introduction

N/a

3. Recommendations

- 3.1. It is recommended that the cabinet member for Housing and Planning, in accordance with the Council's Contract Standing Order 18.03.3 in accordance with CSO 2, the variation/extension to a contract dated **1st October 2020** with an initial Expiry Date of **30th September 2025** between the Council and the Service Provider for [**a gas servicing programme in Haringey – Lot 1 and Lot 2**] (the "**Contracts**") under Contract Standing Order 18.03.3 in accordance with CSO 2 and agree to extend both current Gas Servicing contracts with the following contractors, by extending the current term of the Service by up to **six (6)** months until **31st March 2026**.

- Purdy Contracts Limited, effective from **1st October 2025** to provide for a further extension of **six (6)** months to **31st March 2026**, at an additional cost of £1,305,000.00 (total additional cost **£1,305,000.00**.)
- Sureserve Compliance Services Ltd, effective from **1st October 2025** to provide for a further extension of **six (6)** months to **31st March 2026**, at an additional cost of £1,220,000.00 (total additional cost **£1,220,000.00**.)

- 3.2. Each contract is to be extended for a period of 6 months commencing from 1st October 2025 until the 31st of March 2026.

4. Reasons for decision

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

- 4.1. To continue with the servicing and maintenance of Domestic & Commercial heating systems with minimal disruption to the residents due to faults and breakdowns.
- 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 interim provider would almost certainly inflate the contract sum which would be challenging under our current financial climate.

- 4.4. To procure the new long-term Domestic & Commercial Heating contracts for mobilisation by 1st April 2026 which in alignment with the new financial year.

5. Alternative options considered.

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

A full procurement exercise is currently underway but would not complete before 1st October, which would mean that there would be no service provision for gas & heating repairs, maintenance & renewals.

5.2 Do Nothing

This is not an option, due to the Council's statutory health and safety obligations.

5.3 In-house Delivery

This option has been previously investigated; however, it would not be viable to deliver these services in house due to the lack of skill sets within the housing repair service to repair and maintain the various types of heating systems that we currently manage. It would also take a significant amount of time, planning, and investment to set up an inhouse team in an extremely competitive market at this time.

6. Background

- 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 Sureserve Compliance Services Ltd (formerly K&T heating Ltd) 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-Haringey Council.
- 6.3 Funding for the 6-month extension will be taken from the 2025-2026 Capital & Revenue budgets in place for gas servicing, repairs & replacements which had already been allocated for this service provision as outlined in section 3.1. There is no impact upon the current budgets resulting from this extension.
- 6.4 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.

6.5 We will continue to manage our contractors during the extended period to ensure the contract requirements, service level agreements and performance targets are achieved.:

6. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes.

This initiative will help to deliver the 'Homes for the future' theme of the Corporate Delivery Plan where everyone should have a safe, sustainable, stable, and affordable home and aims to improve the quality of our social housing and landlord services.

7. Carbon & Climate Change

There is no impact on Carbon & Climate Change from this extension

8. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

The proposed contract variation to the existing gas servicing contract will be funded from the M&E gas maintenance revenue budget (J19451). This extension was anticipated and provisioned for during the 2025/26 budget-setting process. There is also sufficient budget available within the Major Works capital programme for boiler replacements, so this variation will not impact the capital allocation. The current proposal aligns with approved revenue funding arrangements.

This variation does not impact the Medium-Term Financial Strategy (MTFS) and remains within the overall approved financial envelope.

Procurement

Strategic Procurement note that this report relates to the approval to vary the approved spend with Purdy and K&T for a period of 6 months.

This variation will serve as a cover until a new contract is awarded. The Council has advertised an opportunity for a new contract to be awarded within the next 6 months.

This variation is in accordance with regulation 72 (b)(ii) of the Public Contracts Regulations 2015

SP support the recommendation to approve the variation in accordance with CSO 18.03.1 & 18.03. & 0.08

Head of Legal & Governance [Name and title of Officer completing these comments]

- The Assistant Director for Legal and Governance has been consulted in the preparation of this report which is seeking approval for a contract variation to increase the currently approved contract value.
- Under Contract Standing Order (CSO) 18.03.1 and 2.01(d) a contract variation valued at £500K or more may be approved by Cabinet provided that the Public Contracts Regulations 2015 ("the Regulations"), particularly Regulation 72, as well as the Council's Finance Regulations are complied with and subject to satisfactory contract outcomes.
- Under Regulation 72(1)(b) a contract variation is permissible on condition that the need for the variation must have arisen from circumstances that a diligent contracting authority could not have foreseen, the variation must not alter the overall nature of the contract and any price increase involved must not exceed 50% of the original contract value.
- As a result, the proposed variation to the currently approved contract value appears to meet the requirements of CSO 18.03.1 and 2.01(d) permitting the variation.
- The Assistant Director for Legal and Governance is not aware of any legal reasons preventing the Cabinet member from approving the recommendation in section 3 of the report.

Equality

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.

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

The workforce strategy includes specific commitments and actions to advance equality, diversity and inclusion within the borough and should therefore have a positive impact upon equality.

9. Use of Appendices

N/A

10. Background papers

A copy of the Current Gas maintenance Contract can be found here.

7b Gas Maintenance Contracts Award (002).docx
