

Report for: Cabinet Member for Housing and Planning and Deputy Leader

Title: Extension of current Gas Maintenance Contracts

Report authorised by: Sara Sutton - Corporate Director Adults Housing Health

Lead Officer: Keith Rodney, Head of Mechanical & Engineering

Ward(s) affected: All Wards

**Report for Key/
Non-Key Decision:** Key Decision.

1. Describe the issue under consideration.

- 1.1 Following prior approval of the contract extension by the Cabinet Member for Housing and Planning and Deputy Leader, complications regarding the contractor's details as set out within the previous award report meant that there was a discrepancy between the report and the actual original contract documentation. This is therefore a request to re-approve the variation of the contracts following clarification of company names and alignment with the actual contract details.
- 1.2 The current gas contracts for servicing and maintenance are approaching the end of their 5-year duration (which includes 3 x 1-year extensions) and are being re-tendered for a new 7-year period (5 years plus 2 x 1-year extensions). Due to the complexity of the new contracts it has taken longer than anticipated to be ready to retender and mobilise for 1st October 2025, we therefore request approval again to extend both current contracts for an additional 6-months commencing from 1st October 2025 until 31st March 2026.
- 1.3 This will enable enough time for the full procurement of 2 x new domestic heating contracts. 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. Due to additional delays in procuring the separate Communal boiler contract, as set out in 1.4 below, a further request for an extension of the original Purdy contract may be requested under a separate approval process to accommodate the procurement of that separate contract beyond April 2026.
- 1.4 Re-procuring the new contracts has proven to be more complex due to the need to have 3 x contracts in place. A completely new and separate commercial 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

NA

3. Recommendations

3.1 It is recommended that the Cabinet Member for Housing and Planning and Deputy Leader, in accordance with the Council's Contract Standing Order 18.03.3 in accordance with CSO 2.01(d) approves a variation/extension to the contracts 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 2.01(d) 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. Bringing the total contract value to £18,759,908.90.
- Sureserve Compliance South Ltd, (formerly K&T Heating 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. The aggregated total value of the contract value will remain the same as the original contract value figure of £11,800,000.00 and only the duration of the Contract is to be amended.

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.

3.3 This decision is being retaken following clarification of the contractor's name and additional information included on the values.

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 is in alignment with the new financial year.

5. Alternative options considered.

5.1 Do Nothing

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

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

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

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 South Ltd (formerly K&T Heating Services 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 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:

- Sureserve Compliance South Ltd (formerly K&T Heating Services Ltd) – (Lot 1) Contract value £2.36m per annum – Total 5-year sum £11,800,000.00
- Purdy Contracts Ltd – (Lot 2) Contract value £2.39m per annum - Total 5-year sum £11,950,000.00. In May 2024 Haringey increased the Purdy Contract value by up to 50% £5,504,908.9 to new total contract value of £17,454,908.90.

This was due to unforeseen additional services that had become necessary to ensure the safety of residents and the continued provision of heat and hot water, and the contract costs had increased.

- 6.3 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.
- 6.4 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.
- 6.5 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.
- 6.6 We will continue to manage our contractors during the extended period to ensure the contract requirements, service level agreements and performance targets are achieved.

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

- 7.1 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.

8. Carbon & Climate Change

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

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

10. 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.

11. 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 CSOs 2.01d, 18.03.1, 18.03. & 0.08

12. Legal

12.1 The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report which is seeking approval for a contract variation to increase the currently approved contract value.

12.2 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.

12.3 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.

- 12.4 Further to paragraph 12.2 above, and pursuant to the provisions of the Council's CSO 0.08, a decision reserved for Cabinet may be taken by a Cabinet Member with the agreement of the Leader and as such the recommendation in paragraph 3 of the report requesting Cabinet Member for Housing & Planning and Deputy Leader to approve the recommendations in the report is in line with the provisions of the Council's CSO so long as the Cabinet Member is taking the decision with the agreement of the Leader.
- 12.5 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.
- 12.6 The Director of Legal and Governance (Monitoring Officer) is not aware of any legal reasons preventing the Cabinet member from approving the recommendation in section 3 of the report.

13. 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/fait, 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.

14. Use of Appendices

N/A

15. Background papers

[Original decision to be amended, signed 15 September 2025](#)