

Report for: Cabinet – 10 March 2026

Item number: 16

Title: Award Two Heating Contracts to successful bidders

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

Lead Officer: Scott Kay, Assistant Director of Repairs & Compliance

Ward(s) affected: All Wards

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

1. Describe the issue under consideration

1.1 To award new two new Heating Safety Checks, Servicing, Repairs, Maintenance and Installation contracts for up to 7 (seven) years based upon an initial five-year term, plus up to two additional one-year extensions, from 2026 to 2033 for an overall projected total contract value of £19,366,155 for Lot 1, and £18,199,194 for Lot 2, (£37.6m) in total across 7-years.

2. Cabinet Member introduction

- 2.1 The safety of our residents is paramount, when it comes to providing safe, sustainable, stable, and affordable homes for Haringey residents.
- 2.2 One of the key regulatory requirements for the provision of heating systems comes under the Gas Safety (Installation & Use) Regulations 1998 and there are other regulations covering oil and solid fuel as well as emerging regulations for new technology such as heat pumps, that will undoubtedly become more prominent over the life of these contracts. The council must ensure that these systems and appliances are installed, safety checked, fit for purpose and maintained to ensure that they operate correctly and provide suitable and sustainable and affordable, controlled heating for our residents.
- 2.3 The implementation of this new contract for heating safety checks, servicing, repairs, maintenance and installations will ensure that our residents can remain safely within their homes and will support our carbon reduction objectives, as well as compliance with Awaab's Law and the need to eliminate Category 1 Hazards under the Housing Health and Safety rating System as part of our Decent Homes programme.
- 2.4 It also means that through the latest specifications contained within these contracts Haringey can both review and update its Employer's Requirements for new developments and ensure that high standards for gas and heating safety is consistent across its council housing as the new contract will allow for the provision of the same standards for materials, appliances and other associated technology across repairs and major works contracts, even when carried out by different contractors.
- 2.5 This will improve safety, comfort and affordability for residents through safety checks, maintenance and installation of appropriate heating systems within our council homes.

3. Recommendations

For Cabinet

- 3.1 To approve the award of a contract for Domestic East (Lot 1) to Bidder A in line with Contract Standing Order (CSO) 8.01 and CSO 2.01c, based on the scores shown in Table 1 within this report and with further detailed commercial information set out in the Exempt part of this report.
- 3.2 To approve the award of a contract for Domestic West (Lot 2) to Bidder B in line with Contract Standing Order (CSO) 8.01 and CSO 2.01c, based on the scores shown in Table 1 within this report and with further detailed commercial information set out in the Exempt part of this report.

4. Reasons for decision

- 4.1 To comply with Statutory Regulation 36 (Duties of Landlords) under the Gas Safety (Installation & Use) and other applicable Regulations and ensure minimal disruption and maximum safety and sustainable homes to Council residents.
- 4.2 Heating servicing, repairs, maintenance and installations is critical to maintain safety throughout our housing stock. This currently covers approximately 14,000 homes with multiple appliances supplying heat and hot water to Council Tenants across the borough. These systems and appliances are predominantly gas fired appliances. However, this also covers solid fuel and other forms of heating provision excluding electric heating which is maintained by Haringey's Repairs Service.
- 4.3 The current two Heating contract arrangements for servicing and maintenance are approaching the end of their 5-year duration (which included two initial years, plus up to three, one-year extensions). One of the contracts includes the communal boiler service and maintenance provision. These contracts have exhausted the contract period and all available extensions and thereby required the re-tendering and the award of 2 new contracts.
- 4.4 Budget provision for these contracts are contained within the current HRA MTFS.

5. Alternative options considered

- 5.1 **Do Nothing**
This is not an option, due to Council Resident needs and the Council's statutory health and safety obligations.
- 5.2 **Continue with Current Contract:**
This option was discounted, as the current contract period and value has been exhausted including previous extensions, and there is no scope for further extension. The Council also needs to ensure it demonstrates value for money and regularly reviews its service provision and complies with procurement rules.
- 5.3 **Deliver the works in-house:**
This option was discounted as the council does not currently have the resources or specialist resources to deliver these works and services in house. However, this option has and will continue to be considered as part of our in-sourcing agenda. This will however require significant investment, time and resources to establish whether in-sourcing would be viable in terms of cost and risk.

6. Background information

- 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 Ltd. (both of which are now part of Sureserve Compliance South 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, and these contracts were novated across to the Council from Homes for Haringey on 23 June 2022 following the in-sourcing of Homes for Haringey, to Haringey Council. The contracts have now been extended further up to the end of March 2026 to allow for the award and mobilisation of the new contracts.
- 6.3 The new contracts exclude communal system works and services as a decision to separate this element out was agreed between all stakeholders to ensure high levels of market interest, appropriate competencies and best value through encouraging competitive bids by appropriate specialist contractors. As there are no communal works under these contracts, there is no requirement for leaseholder consultation under Section 20 of the Landlord and Tenant Act 1985.
- 6.4 Community engagement was undertaken with the Resident Voice Board, to discuss the current contractor's performance and identify resident priorities for the new contract and to gauge their feedback on how the contracts could improve. Their thoughts and comments supported the development of the contract specification and qualitative requirements.
- 6.5 This opportunity was tendered via the Council's Dynamic Purchasing System (DPS) via the London Construction Programme (LCP) procurement platform and the form of contracts used, will be the JCT 2016 Measured Term Contract for each contract.
- 6.6 The tenderers were invited to submit bid under our standard arrangements to evaluate best value which includes 3 elements of quality, Social Value and Cost. Each section was independently evaluated by a panel of staff members who's scores were moderated with support of our Strategic Procurement colleagues, in one with the procurement rules in force at the time the tender opportunity was published.
- 6.7 From the opportunity we received 11 bona-fide bids for the service provision Lot 1 and 12 bona-fide bids for Lot 2 as detailed in Tables 1 & 2 below. Details regarding the bidders pricing is contained within the Exempt part of this report.

Lot 1 - East

Suppliers	Technical Score	Commercial Score	Social Value Score	Total	Position
Bidder A	48.80	29.64	6.09	84.53	1
Bidder B	45.80	31.64	4.68	82.12	2
Bidder C	24.90	37.29	8.50	70.69	3
Bidder D	27.80	38.41	3.26	69.47	4
Bidder E	23.90	39.33	4.56	67.79	5
Bidder F	26.10	36.01	4.72	66.83	6
Bidder G	21.50	40.00	5.00	66.50	7
Bidder H	28.10	34.73	3.03	65.86	8
Bidder I	25.20	31.86	4.16	61.22	9
Bidder J	18.70	36.18	1.56	56.44	10
Bidder K	20.10	29.31	3.34	52.75	11

Lot 1

Bidder A achieved the highest total score (84.53/100) across the 3 evaluation criteria and ranked 1st overall after the combined evaluation of Quality (50%), Commercial (40%) and Social Value (10%). Bidder A achieved the highest Quality score for Lot 1, evidencing strong methodology, resourcing and risk/continuity planning aligned to the brief. Although Bidder A did not submit the lowest price, their score overall confirms that they submitted the most economically advantageous tender.

Social Value (SV) Bidder A provided strong Social Value commitments, as evaluated by our independent SV consultants which will be monitored throughout the life of the contract.

6.9 Table 2

LOT 2 - West

Suppliers	Technical Score	Commercial Score	Social Value Score	Total	Position
Bidder A	48.80	28.68	5.47	82.95	1
Bidder B	45.80	31.99	4.64	82.43	2
Bidder C	31.00	31.08	7.00	69.08	3
Bidder D	23.90	40.00	4.55	68.45	4
Bidder E	27.80	36.98	3.21	67.99	5
Bidder F	24.90	35.35	7.70	67.95	6
Bidder G	26.10	34.83	4.67	65.60	7
Bidder H	21.50	38.37	4.90	64.77	8
Bidder I	28.10	33.46	3.02	64.58	9
Bidder J	25.20	30.77	3.93	59.90	10
Bidder K	18.70	35.96	1.55	56.21	11
Bidder L	20.10	27.79	3.27	51.16	12

Lot 2

The tender was published with the intention of awarding 2 separate contracts the two highest scoring bidders in line with the evaluation criteria set out above. Bidder B achieved the 2nd- highest total score (82.43/100) and ranked 2nd overall with a very strong Quality score and setting out a robust delivery methodology, competent staffing and risk control aligned to the Lot 2 scope. Although Bidder B did not submit the lowest price, or the highest SV bid, their score overall confirms that they submitted the most economically advantageous tender.

- 6.10 These contracts were priced on an all-inclusive* service & maintenance contract including 24/7 emergency cover, and a fixed Schedule Of Rates for installation and out-of-scope works chargeable on a call-off basis. All costs are fixed for the first two years with no indexation, after which the contracts are subjected to annual CPI rate increase. Under the contract, Haringey will pay 1/12th of the annual maintenance charge per property but all other costs will be instructed and completed on a call-off basis, paid upon completion, as part of a monthly valuation. The contract will be managed by the Heating team, within the Mechanical and Electrical Services division of the Repairs and Compliance Department within the Housing Directorate.
- 6.11 There are no Leaseholder implications and/or consultation required for these two contracts, due to them covering only Haringey Council rented homes.
- 6.12 The contracts cover both Revenue and Capital at a ratio of approximately 51% to 49% (Lot 1), and 44% to 56% (Lot 2) respectively, and an anticipated even expenditure profile across the initial 5-year period, set out within the exempt part of this report. The relevant expenditure reflects the anticipated boiler replacement programme based on the current boiler stock and age profile data.
- 6.13 The overall contract value includes for the initial contract sum of £17.5m per contract and includes for 2% annual inflation from year 3 taking the total overall estimated contract sum to £19.3m per contract.

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 and Climate Change

- 8.1 Suitably maintained heating and ventilation equipment and the installation and effective maintenance of new technologies, will have a positive impact on the environment in terms of carbon reduction and the efficiency in terms of tenant costs and sustainability.

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

9.1 Finance

- 9.1.1 The proposed contract award is valued at £37.6m over seven years (5+1+1), covering the period from 2026 to 2033. Revenue costs are expected to be met from the existing M&E gas maintenance budgets, where funding is approved & available, while capital costs would fall within the HRA Major Works Programme for Installations and upgrades.
- 9.1.2 The contract provides fixed pricing for the first two years, with CPI linked increases from year three onwards. These assumptions have been reflected in the current financial forecasts.
- 9.1.3 The proposal appears deliverable within existing approved plans, however, ongoing costs will need to be closely monitored through the regular monthly/annual budget forecasting/monitoring reporting cycle, especially given inflationary uplifts and variable elements.
- 9.1.4 These observations are based on the information provided in the report and may need to be revisited if there are changes to scope, pricing, programme, or associated fees.

9.2 Procurement

- 9.2.1 Strategic Procurement notes that this report seeks approval to award contracts to two separate contractors one for Domestic East (Lot 1) and one for Domestic West (Lot 2). These appointments will enable the delivery of domestic heating servicing, repairs, maintenance, and installation services across the borough.
- 9.2.2 A competitive procurement exercise was undertaken through the LCP under the Minor Works Dynamic Purchasing System (DPS), utilising the Heating, Gas Appliances and Installations service category. A total of eleven bids were received for Lot 1 and twelve bids for Lot 2. All submissions were evaluated in line with the scoring methodology set out in the published Invitation to Tender. The procurement process was conducted in compliance with Contract Standing Order (CSO) 8.01 and the Public Contracts Regulations 2015.
- 9.2.3 The evaluation of bids was undertaken in accordance with the published evaluation criteria, namely price, quality, and Social Value. The outcome of the evaluation identified a clear and material distinction between two tenderers and the remainder of the field, with both achieving significantly higher overall scores. As a result, these two submissions were assessed as representing the most economically advantageous tenders. In particular, the strength of their quality submissions provides assurance regarding their technical capability

and capacity to deliver the service, addressing historical concerns relating to declining performance under existing supplier arrangements.

- 9.2.4 Both appointed suppliers, have made clear and demonstrable commitments to the delivery of Social Value in line with the Council's strategic objectives. These commitments include the creation of employment opportunities, the provision of training and skills development—particularly for residents—and proactive engagement with and support for local businesses and supply chains. The delivery of these measures is expected to contribute positively to inclusive economic growth and community resilience, ensuring that the benefits of the contracts extend beyond service delivery to deliver tangible, long-term benefits for communities across the borough.
- 9.2.5 SP supports the recommendation to approve the award of contract for Domestic East (Lot 1) and for Domestic West (Lot 2) in line with the Council's Contract Standing Order CSO 8.01, CSO 2.01c. and the Public Contracts Regulations (PCR) 2015.

9.3 Legal & Governance – Derron Jarell – Senior Lawyer

- 9.3.1 The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report. The process described in the report is in line with the Council's Contract Standing Orders (CSOs) and Public Contracts Regulations 2015.
- 9.3.2 In accordance with the provisions of the Council's Contract Standing Order (CSO) 8.02 the Council may procure a contract by selecting one or more contractors from the Council's Dynamic Purchasing System (DPS) via the London Construction Programme (LCP) procurement platform, or from a DPS established by a public sector body in accordance with the contract standing orders of that public sector body and Strategic Procurement has confirmed that the DPS from which the contract in the report was procured by the Council in accordance with the Council's CSO 8.01.
- 9.3.3 The Council's Dynamic Purchasing System (DPS) via the London Construction Programme (LCP) procurement platform and the form of contracts used, will be the JCT Measured Term Contract for each contract.
- 9.3.4 The recommendations seeking the approval of the award of two contracts, of a contract for Domestic East (Lot 1) to Bidder A, and Domestic West (Lot 2) to Bidder B, in line with Contract Standing Order (CSO) 8.01, CSO 2.01(c), and Regulation 34 of the Public Contracts Regulations 2015, for a period of 7 (seven) years based upon an initial five-year term, plus up to two additional one-year extensions, from 2026 to 2033 for an overall projected total contract value of £19,366,155 for Lot 1, and £18,199,194 for Lot 2, (£37.6m) in total across 7-years commencing from [2026] to [2033].
- 9.3.5 The Director of Legal and Governance is not aware of any legal reasons preventing the Cabinet from approving the recommendations in section 3 of the report.

9.4 Equality

- 9.4.1 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.

9.4.2 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.

9.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.4.4 This decision it is to request approval for the award of two heating contracts to successful bidders in order to continue the domestic heating service provision in the borough. There are no anticipated equality issues or concerns regarding the heating service provision.

9.4.5 With regards to the contract appointment and subsequent provision, as an organisation carrying out a public function on behalf of a public body, the contractor will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above.

10. Use of Appendices

10.1 **Appendix 1 - Exempt part of this report** - The exempt information is not for publication as it contains information classified as exempt under the following categories (identified in the amended Schedule 12A of the Local Government Act 1972):

Paragraph (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

10.2 Appendix 2 – Equalities Impact Assessment

11. Background papers

N/A