

Report to: Housing Review Board



Date of Meeting 16 September 2021

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Exemption applied: None

Review date for release N/A

Procurement of the Gas Servicing/Services Contract

Report summary:

To update the Housing Review Board on the current position with the Gas Servicing Contract the progress with its re-procurement and the proposed route to complete the re-procurement process to enable seamless delivery of the service following expiry of the existing/implementation of the new Contract.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Housing Review Board note the progress for the procurement of the new gas servicing/services Contract and to change to MOT style gas servicing.

Reason for recommendation:

To ensure that East Devon District Council discharge their legal requirement to carry out annual gas servicing to all stock with a gas component delivering 100% compliance.

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Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Medium Impact

As a Social Landlord we carry a Statutory Requirement to carry out annual gas servicing on all of our stock containing a gas component

Climate change Medium Impact

Risk: Medium Risk; In the coming years the use of gas components will be gradually phased out, other fuel options will need to be considered, in relation to gas there is likely to be switch to Hydrogen, the procurement will be carried out to reflect this and the impact of Climate Change

Links to background information .

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1. Current Position:

2. East Devon District Council's 3 Star gas servicing Contract was procured in 2017; the service Contract was tendered as a joint procurement project with Mid-Devon District Council.
3. The Contract was tendered for an initial period of 3 years with the option for two further one year extensions, both of which have been taken up resulting in a 5 year Contract.
4. Liberty Group were the successful Contractor and have been delivering the 3 star gas servicing contract for the past four years, we have just entered the fifth year. The Contract with Liberty is due to expire on 31st March 2022.
5. Liberty Group deliver the following services:
 - Domestic boiler servicing.
 - Domestic boiler and heating breakdown and repairs.
 - Commercial boiler servicing and breakdowns.
 - Domestic and commercial boiler installations.
 - Unvented Cylinder Servicing.
 - LPG & Oil Servicing.
6. The current value of the servicing contract is £450k per annum.
7. For the duration of the contract to date the Liberty Group have provided a good level of service and achieved 100% compliance at all times unless exceptional circumstances otherwise dictate e.g. the Covid pandemic.

East Devon District Council have full confidence in the current service provider at all levels e.g. National/Regional Director level, Local Management level and on the ground Supervisors and Engineers all of whom are Gas Safe registered.

8. With the current gas servicing Contract having entered its final year and due to expire on 31st March 2022 a new arrangement has to be procured.
9. The current gas servicing programme is carried out on an 11 month cycle. With this type of servicing the date changes year on year and as you move through the cycle properties will have two services carried out resulting in considerable additional expenditure.

As part of the procurement process we intend to change the regime to the industry recognised 'MOT Style' servicing in accordance with The Gas Safety (Installation & Use) (Amendment) Regulations 2018 Regulation 36. Under this arrangement the service date will remain the same year on year, our Tenants will be able to diarise this date and know when to expect their annual gas service. The only change to service date will be as a result of a major component change e.g. a boiler replacement.

10. Procurement Phase 1 – addition of gas servicing/services to the Integrated Asset Management Contract

11. Our Integrated Asset Management Contract (IAMC) delivered by Ian Williams and currently delivering reactive repairs, voids and some cyclical servicing has the provision to add other work streams.

12. With this provision available we engaged our Specialist Consultant Echelon (who procured the IAMC Contract for us) to support and lead us through the procurement of a new 3 star gas servicing arrangement.

With the knowledge that there is provision within our Integrated Asset Management Contract to add gas servicing the first course of action was to explore this option.

The IAMC Contract does not define a process which to follow to procure such an important work stream, however we wanted to ensure a robust process was followed and it was therefore decided to create a series of documents that could be used to:

- Procure the services to add to the current Integrated Asset Management Contract executed under a Term Partnering Contract (TPC).

13. A full document pack comprising of a Specification, KPI (key performance indicators) schedule, Pricing Schedule/Framework and Method Statement (Quality) questions was prepared and duly issued to Ian Williams complete with clear instructions on the type of response expected and timescales for the same.

The Method Statement questions asks how they will deliver the service for East Devon District focusing on specific themes.

The Contract will be procured in such a way to:

- Have the flexibility to allow for material changes in service requirements or the inclusion of additional services e.g. Climate change; the phasing out of gas and replacement with alternative fuels such as hydrogen or the introduction of new technologies.
- Include Social Value elements and targets.
- Allow for innovation with the ability to change/adapt services due to new technologies.

Have a longer duration say 10 years but will include break clauses; an initial 4 year Contract with the option to extend in 2 year increments

14. Ian Williams submitted their response within the required timescales and this was duly reviewed as follows:

- Echelon reviewed the whole response specifically focusing on the pricing
- Representatives of the Housing Property & Asset Team reviewed the Method Statement/Quality questions.

Following the aforementioned review of the submission numerous questions arose, an open clarification Meeting/discussion was arranged to seek clarity on areas of concern and on the service delivery generally.

The Meeting/discussion also included a demonstration of the IT system that will be used by Ian Williams to manage the gas servicing; members of our Housing Systems Team attended this part of the Meeting.

15. Following the abovementioned review of the tender submission, the Meeting and subsequent discussions between ourselves and our Consultant, Echelon prepared a detailed Procurement Options Report copy of which is appended.
16. On conclusion of the review of the Ian Williams tender submission (delivery proposals, pricing and clarification) it was decided that we would not be able to recommend that the gas related services are added to the existing Integrated Asset Management Contract due to the following:
 - Placing ourselves under unnecessary and significant risk of non-compliance.
 - Experiencing a reduction in service delivery.
 - Additional cost.

17. Procurement Phase 2 - Options

18. As we will not be adding the gas related services to the Integrated Asset Management Contract we now have two main methods of procurement for these services:
 - Procurement through a Framework.
 - Direct Procurement carried out by either Echelon or by ourselves with support from Devon County Council.

All of these options could be delivered within the remaining term of the existing Contract and would allow a 3 month mobilisation period which is considered critical as long as the process is moved forward without delay.

The Direct method of Procurement using an external Consultant is not considered an option due to the professional fees that would be incurred; the use of such a Consultant would require us to undertake a full procurement in order to appoint such a specialist, a process that cannot be achieved within the timescales available.

There are Framework providers that immediately come to mind that could be used to procure the 3 Star Gas Servicing Contract, they are:

- Advantage South West (we are fully paid up members of Advantage South West); using this provider:
 - ASW already have a Framework for Gas Servicing that could be utilised.
- Fusion 21; we have used this provider in the past, there are two options available both of which will be fully supported, the options are:
 - A 'Direct Award' to the higher scoring Contractor on the existing Framework.
 - Run a 'Further Competition' with those companies on the Framework, this is also known as a 'Mini Competition'.

There are other Framework providers that could also be considered e.g. South West Procurement Alliance but we must be aware that the time element is an important consideration when finalising a way forward.

19. Being members of Advantage South West, we duly made contact and discovered that their gas servicing Framework was about to be re-tendered, this being the case we were offered and accepted the opportunity for them to re-tender our 3 Star gas servicing Contract alongside the tendering of their Framework. This route gave us the comfort that the procurement was being driven by an organisation with the required expertise in procurement ensuring compliance with all Statutory Regulations.

In addition the procurement could be delivered within our required timescales, namely our existing Contract concluding on 31st March 2022 and our new Contract/Contractor being in place to commence work on 1st April 2022.

20. Procurement Programme

21. In order to enable the successful Contractor to be in place and ready to commence the 3 Star gas servicing Contract on 1st April 2022 we have agreed the following programme with ASW:

- Issue SSQ notice by the end July 2021; the notices have been published on Contracts Finder and Find a Tender (the new OJEU)
- SSQ returned by 31st August 2021
- Review SSQ submissions and agree Tender list for the ITT issue during September 2021
- Issue ITT by 30th September 2021
- Tenders back by 31st October 2021
- Review and analyse Tender submissions by 30th November 2021
- Governance process to be carried out/completed for award by mid December 2021
- Standstill letters issued by 24th December 2021
- Framework starts January 2022
- EDDC 3 Star gas servicing Contract awarded January 2022
- Mobilisation of the Contract January to March 31st 2022
- EDDC 3 Star gas servicing Contract goes live on 1st April 2022

The abovementioned programme will enable the successful Contractor to commence their scheduling work from 1st February 2022 for services due to achieve the start date of 1st April 2022.

22. It will be incumbent on all Officers, Boards, Committees and Cabinet to make decisions etc. to enable the aforementioned programme to be delivered, any delays could jeopardise the start date for the new Contract and potentially lead to gas servicing becoming non-compliant for a period of time, something which cannot be accepted.

23. Legal Services have a part to play in the procurement and final appointment process in reviewing documentation and ultimately the preparation of formal Contracts all to ensure programmes, deadlines and timescales are met.

24. It is unlikely that Housing Review Board Meetings will correlate with the above milestone dates in the aforementioned procurement programme and as such it will not be possible to obtain Board approval for the various stages, therefore it is requested the Strategic Lead for Housing, Health & Environment and/or the Housing Service Lead are granted delegated powers to sign off the stages of the procurement to allow it to progress without delay and to ultimately be in a position for a Contractor to be appointed to deliver the 3 Star Gas Servicing Contract

25. Information:

26. The Housing Review Board are asked to note that the 3 Star Gas Servicing Contract is being procured as a single service accepting that small elements will be sub-contracted (similar to the existing delivery model).
27. The Housing Review Board is asked to note that ASW are leading on the procurement of the 3 Star Gas Servicing Contract, the EDDC Contract will be procured alongside the ASW Framework Contract renewal.

ASW are a trusted Framework provider with extensive expertise and experience in procurement of such Contracts and an organisation with whom we are part of the membership.

28. Recommendation:

29. It is recommended that the Housing Review Board grant delegated powers to the Strategic Lead for Housing, Health & Environment and/or the Housing Service Lead to enable them to sign off as accepted/approved the relevant stages of the procurement process to facilitate the appointment of a Contractor to deliver the 3 Star Gas Servicing Contract.

This will allow the Contract to be fully mobilised and be in a position to 'go live' on 1st April 2022 ensuring that gas servicing is carried out without disruption ensuring that East Devon District Council remains 100% compliant.

Financial implications:

As mentioned in the body of the report, there is currently £450k within the current year's budget for Gas Servicing, with £421k spent on the contract in the previous financial year.

Legal implications:

The review of the procurement and contract documentation will be undertaken by Devonshires Solicitors who will advise before the tender process commences and documents are executed.