

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 02 February 2015

Portfolio: Health and Housing
Subject: **Extension of Existing Gas Boiler Servicing, Repair and Replacement Contract**
Report of: Director of Environmental Services
Strategy/Policy:
Corporate Objective: Safe and healthy place to live and work

Purpose:

This report considers the extension of the existing contract for Gas Servicing and Boiler Replacement for the Council's building portfolio for up to a further two years.

Executive summary:

This report provides the Executive with information on of the existing contract with TSG Building Services Ltd for Gas Servicing and Boiler Replacement and its performance. Approval is sought to extend the existing contract for up to 2 years.

Recommendations:

That the Executive approves that:

- (a) the existing contract with TSG Building Services Ltd be extended for 1 year from its existing expiry date of 1 March 2015; and
- (b) authority be delegated to the Monitoring and Section 151 Officers to jointly approve a further year extension of the contract from 1 March 2016, subject to satisfactory performance by the contractor.

Reason:

To comply with the Council's statutory duty to its tenants and to maintain the Councils assets to a good standard.

Cost of proposals:

The annual projected cost per annum for servicing and breakdowns is £219,000 and £250,000 for boiler replacements, all to be financed from existing and future revenue budgets, HRA for Council Housing and General Fund for other Council owned buildings.

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Executive Briefing Paper

Date: 02 February 2015

Subject: Extension of Existing Gas Boiler Servicing, Repair and Replacement Contract

Briefing by: Director of Environmental Services

Portfolio: Streetscene

INTRODUCTION

1. On the 11 January 2010 the Executive awarded a contract to TSG Building Services Ltd to undertake gas servicing, boiler repairs and boiler replacements across the borough to the Council's building portfolio for a period of up to 5 years.
2. The original tender offered the option to extend the contract for a further 2 years subject to satisfactory performance by the contractor.
3. Vanguard consultants have been involved with Building Services since November 2013. The service is now delivering its responsive maintenance in a new method focused on 'what matters' to its customers. The planned and cyclical maintenance will be subject to a Vanguard intervention therefore it would be prudent to avoid procurement of any long-term agreements for any part of its service until the Council has certainty on how it delivers the service in the future.

CONTRACTOR PERFORMANCE

4. The contract offers a number of Key Performance Indicators designed to monitor the contractor performance in a number of key areas.
5. The primary indicator of performance for this contract and contractor is the number of properties with a current Landlord's Gas Safety Certificate. Currently there are two properties with expired certificates and in both cases these relate to the resident not enabling access to their home and are now subject to formal procedures to resolve. Our percentage of compliance for Landlord Gas Safety Certificates is currently 99.9%.
6. Customer satisfaction is monitored by way of satisfaction cards. The most recent results demonstrate that 96.16% of customers were satisfied with the service provided. The contract target level being 96%.

7. All invoices are checked for validity and quality. In the last 12 months the variance between applications for payment and agreement payment is 0.45%. The contract target level being 1%.
8. A percentage of all work completed on this contract is reviewed by an independent assessor and the level of faults identified is very low.
9. Complaints are recorded and investigated. In the last 12 months there have been 14 complaints recorded from the 1,807 dwellings served on this contract. This results in a compliance level of 0.77% which is below the target level of 1% detailed in the contract.
10. There have been no recorded incidents of health and safety events in the last 12 months on the existing contract.
11. The contractors performance against the contractual requirements is demonstrated as being more than satisfactory therefore supporting the recommendations of this report. The contractors performance would continue to be monitored in the same manner should the contract be extended as recommended.

FINANCIAL IMPLICATIONS

12. These works would be funded from the existing Housing Revenue Account for Council Housing properties and General Fund revenue budgets for other Council owned buildings including Civic Offices, Ferneham Hall and the Council Depot.
13. The annual projected cost for this work will be £219,000 for servicing and breakdowns works and £250,000 for boiler replacements.
14. The contract contains a formula for an annual increase in cost of the works. The contractor has agreed that this will continue to be the basis for future annual increases.
15. A desktop soft market test has been undertaken to determine whether the recommendation of this report continues to offer value for money to the Council. The table below details the findings of the testing, providing assurance that value for money will continue to be achieved by the Council for this service:

| Company | Annual Cost for Service and Breakdown Cover | % Difference |
|---------------------------|--|---------------------|
| TSG Building Services Ltd | £134.24 | |
| British Gas | £264.00 | +97% |
| Homeserve | £288.00 | +115% |
| N Power | £186.00 | +39% |
| Scottish Power | £189.60 | +41% |

CONCLUSION

16. The Council has a statutory duty to manage gas appliances within the building portfolio, to prevent risks of carbon monoxide poisoning from faulty appliances and gas leaks. In compliance with the Gas Safety Register recommendations, gas systems must receive an annual gas safety check or service; to protect Council tenants, leaseholders, contracted employees and the public and ensure that all reasonably practicable steps have been followed to manage the associated risks.
17. Based on the contractor performance information detailed above TSG Building Services Ltd is considered as performing to a good standard and will continue to provide value for money to the Council.
18. TSG Building Services Ltd has confirmed they will accept an extension of the contract of up to 2 years based on the existing terms of the contract.
19. The Council's planned and cyclical maintenance delivery will be subject to a Vanguard intervention therefore it would be prudent to avoid procurement of any long-term agreements for any part of its service until the Council has certainty on how it delivers the service in the future.
20. In order to discharge the Council's duty it is recommended that the existing contract with TSG Building Services Ltd is extended by 1 year from its existing expiry date 1st March 2015.
21. In addition it is recommended that the Executive delegate authority to the Council's Monitoring and Section 151 officers to jointly approval a further 1 year extension of the contract from 1st March 2016 subject to satisfactory performance by the contractor.

Reference Papers:

Housing Revenue Account Spending Plans, including the Capital Programme for 2013/14

Report to the Executive 11 January 2010 – Award of Tender - Domestic Gas Servicing and Boiler Replacement Framework Contract - No. GS001 award of contract