

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 February 2025

Portfolio:	Housing
Subject:	Gas Servicing Maintenance and Installation Contract
Report of:	Director of Housing
Corporate Priorities:	Provide Housing Choices

Purpose:

To advise the Executive of the procurement process to provide a 5-year term contract with options to extend, for the service, maintenance and installation of new heating and hot water systems in the Council's housing stock and public buildings.

To seek delegated authority to appoint a single contractor for the contract term, following a thorough procurement/tendered process.

Executive summary:

This contract maintains heating, hot water systems including gas and heat pumps. It also delivers our legal responsibilities to ensure gas installation in our properties remain safe.

The attached report provides Members with details of the new contract that will replace existing contract arrangements which expire in the summer of 2025.

Further details surrounding the funding arrangements, including the total estimated cost to deliver the contract, are provided in Confidential Appendix A.

This report seeks Executive agreement for delegated authority that will allow an efficient hand-over from the existing contractor to a new provider.

Recommendation/Recommended Option:

It is recommended that the Executive agrees:

- (a) the funding mechanisms, as outlined in confidential Appendix A to this report, to enable the continued service, maintenance and installation of new heating and hot water systems in the Council's housing stock and public buildings;

(b) that the award of contract for the service, maintenance and installation of new heating and hot water systems in the Council's housing stock and public buildings be delegated to the Director of Housing, following consultation with the Executive Member for Housing; and

(c) that an extension of up to 6 months of the existing contract for Gas Servicing, Maintenance and Installation be delegated to the Director of Housing, following consultation with the Executive Member for Housing, to ensure a seamless handover from the existing to the new provider.

Reason:

To ensure the funding arrangements and process to appoint a contractor are established, enabling the new contract and contract mobilisation process to ensure an efficient handover.

Cost of proposals:

The total estimated cost to deliver the term contract over the duration and any extension is outlined in the accompanying confidential Appendix A to this report.

Appendices: A: Gas Servicing Maintenance - *Confidential

Public Interest Test *It is not in the public interest to disclose this information as the appendix contains confidential and commercially sensitive information. It would prejudice the Council's ability to operate in a commercial environment, obtain best value in contract negotiations and prejudice the Council's relationships with third parties if they believed the Council would not honour obligations of confidentiality.

Background papers: None

Reference papers: Executive 05 February 2024 - Housing Revenue Account Budget and Capital Plans 2024/25

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BOROUGH COUNCIL

Executive Briefing Paper

Date:	03 February 2025
Subject:	Gas Servicing Maintenance and Installation Contract
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. Fareham Borough Council own and manage over 2,400 affordable homes and the majority of these have heating or hot water provided by gas fuelled appliances or heat pumps with our maintenance, service and replacement responsibilities included within a single contract.
2. As a landlord, the Council has additional legal responsibilities to maintain the gas installation within our properties. These works are to prevent carbon monoxide poisoning and gas leaks, in addition to providing well maintained heating and hot water systems, and this contract fulfils these responsibilities.
3. When heating and hot waters systems require replacement, these works are delivered via this contract.
4. In addition to our responsibilities within individual homes, this contract also looks after the communal heating and hot water systems in some of the larger sheltered accommodation sites.
5. Public Buildings are also included in this contract including the Civic Offices, Broadcut Depot, Sports Pavilions, and some other council owned buildings.

BACKGROUND

6. The existing contract was last tendered in 2018 when Liberty Gas were the successful contractor. The contract was initially for 5 years with an option for a two-year extension, and this was exercised in 2022. With the contract arrangement expiring this summer we are now undertaking the tender process for a replacement contract.

RECENT AND EMERGING CHANGES

7. Within the last year the wider landscape on social housing has and is changing.
8. The Social Housing (Regulation) Act received Royal Assent, becoming law on the 20

July 2023. This has increased expectations and standards for social landlords relating to the conditions of homes, with elements of this Act embedded in new Consumer Standards for social housing landlords and emerging repair targets often referred to as Awaab's Law. This does not just relate to issues around damp and mould, but also other standards and hazards, and interrelates to timeliness of repairs.

9. The new contract will allow us the opportunity to develop arrangements with the incoming contractor that reflect the new standards. We will also look to develop processes that allow information on the progression of works to be more readily available.
10. In addition, the new contract arrangement will provide the necessary flexibility and expectations relating to other (non-gas) heating services. This will include, as an example, the servicing and maintenance of photovoltaics (solar panels) and air source heat pumps, which have been added to some Council homes over recent years.

THE NEXT CONTRACT

11. The contract (subject of this report) will deliver all the services provided by the existing contract but will use an updated contract form that will reflect recent legislation changes.
12. The new contract will also reflect the provision of other heating services (i.e. not limited to gas installations/servicing), which will allow and require the appointed contractor to support (as necessary) the installation and maintenance of greener heating and hot water solutions.

TENDER PROCESS

13. With the level of expenditure involved, a thorough procurement exercise has been established and followed. Regular discussions have taken place with Legal Services, and Officers from the Council's Procurement and Finance teams.
14. A 'contract notice' was issued via the South-East Business Portal (SEBP) on 7 January 2025 in accordance with Publication of Supplement to the Official Journal of the European Union (OJEU) and available on the Tenders Electronic Daily website (TED).
15. A Restricted OJEU procurement process will be used that includes a two-stage process; Stage 1 the pre-qualification section whereby eligible candidates are invited to tender in Stage 2. Those candidates who fail the Stage 1 are rejected from the process with a select list of contractors being chosen to be invited to tender.
16. Completed tenders will be subject to a detailed evaluation process involving a cost, service, and quality review. It is planned to include site visits to short listed contractor's premises before final moderation takes place. In addition to including procurement, legal and finance officers within the process, Officers will look to include tenant representation into the conclusion of the moderation process.

FINANCIAL IMPLICATIONS

17. The majority of works as part of the new contract arrangement will be funded annually through the Housing Revenue Account. Budgets are approved by the Executive prior to the expenditure as part of the annual Housing Revenue Account Budget and Capital Plans report. Tender cost estimates are detailed in Appendices A to this report.

CONCLUSION

18. This contract will ensure that the heating and hot water installations within our housing and public building properties are well maintained and safe. The new arrangements will build on the high level of service delivered by the existing contract arrangement.
19. Delegated powers to award the new contract and extend the existing contract will allow for continuation of the thorough procurement process underway and allow for sufficient time for contracts to be signed and mobilised. This will ensure the new contract arrangement can be in place on the expiry of the existing contract, minimising the potential for disruption to customers and service users.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

20. No new detrimental impacts to the environment are anticipated as part of the proposed term contract. It should be noted by the nature of well-maintained equipment and the replacement of life expired equipment with more efficient or low carbon technology we will achieve some reduction in the generation of carbon emission.
21. Opportunities to tackle environmental considerations or to further reduce carbon footprints will be considered for specific projects. This will take into account any external funding that may be available for greener installations, and the Housing Revenue Accounts budget capacity.

Enquiries:

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