

## Agenda Item 20

Housing Review Board

9 September 2010

JG/CB



### Gas Servicing contract

#### Exempt Information

Para 3 Schedule 12A Information relating to the financial or business affairs of any particular person (including the authority holding that information).

#### Summary

The contract to carry out the statutory annual gas servicing inspection and maintenance works to gas fired appliances in council dwellings, is due to expire on Thursday 30<sup>th</sup> September 2010.

Owing to the value of the contract based on the normal four year term, it was required that we should tender for the new contract based on the European regulations. EDDC co-operated with Mid Devon District Council over the tendering process, in accordance with the Housing Review Board agenda item in November 2009 and the minutes of the meeting as reported to the Executive Board on Wednesday 6<sup>th</sup> January 2010.

We ran a two stage process with five contractors short listed for the second stage, and at the end of the process the successful contractor is Robert Heath Heating Ltd, based on the highest combined quality/price assessment with 60% of the scoring allocated to quality and 40% allocated to price

#### Recommendation

**That a new four year contract be offered to Robert Heath Heating Ltd for the annual servicing and maintenance to 3371 gas fired appliances installed in council properties, to commence on Friday 1<sup>st</sup> October 2010, and with a forecast annual service and repair cost of £395,000.**

#### a) Reasons for Recommendation

The proposed course of action is in line with Council Policy, and will provide a comprehensive service for the next 4 years and may through the introduction of new systems; achieve savings for the Council over this period.

#### b) Alternative Options

We have no alternative other than to re-tender the contract.

**c) Risk Considerations**

The principal risk is that of failure to carry out a statutory inspection of the gas appliances within all of our properties on an annual basis, and to provide certification of inspection. This contract will ensure that this statutory requirement is met.

**d) Policy and Budgetary Considerations**

These are set out in the report.

**Positive Impact Overall**

Affordable Homes.

Safe Environment.

Create Cashable Savings

**e) Date for Review of Decision**

September 2010.

**1. Gas servicing contract**

- 1.1 The contract for the statutory safety inspections, and the provision of a call out service to the gas appliances installed in council dwellings currently provided by Westway Heating Ltd of Cullompton, expires on 30th September 2010. We have 3371 appliances installed in Council homes and they are tested within an 11 month cycle, in order to comply with the Gas Safety Regulations. The contract also includes for checks to void properties call outs to breakdowns and advice to management on the condition of appliances.
- 1.2 Owing to the projected costs of this contract over the four year period of the proposed contract, EDDC were required to tender in accordance with European legislation. The tender process was conducted by a joint team from East Devon District Council and Mid Devon District Council over a period of six months, comprising the Managers of the Housing Services Departments from both authorities, Technical Officers from EDDC a tenant representative from MDDC and the Procurement Manager from MDDC.
- 1.3 The contract was advertised in the press and technical publications nationally, and from the response to these advertisements the Evaluation Panel selected 18 contractors for appraisal.
- 1.4 Contractors were sent a pre qualifying questionnaire (PQQ) and these questionnaires were evaluated by the Panel and this process reduced the shortlist to five contractors who were formally invited to tender for the contracts.
- 1.5 Tenders were returned to MDDC and were then evaluated by the Panel, who reduced the five tenders to three and then invited the three remaining contractors to interview.
- 1.6 Interviews were conducted and a scoring matrix was populated based on explanations and additional information provided by the contractors.

- 1.7 The tendering process is now concluded and the successful contractor is Robert Heath Heating Ltd, as the contractor achieving the highest score based on quality and price. A copy of the final scoring matrix and price/quality evaluations are attached as **annexes 1, 2 & 3**.
- 1.8 The new contract is expected to achieve efficiency savings within the first 12 months, and whilst the annual cost is set to rise from the present level of £334,219 per annum to £395,000 per annum, it is anticipated that significant savings will be made, based on a number of efficiency measures Robert Heath Heating intend to introduce.
- 1.9 Most of the gas engineers currently employed by Westway Heating Ltd will be transferred to Robert Heath under TUPE arrangements, so tenants will see the same familiar service and 'call out' personnel providing the high level of service they previously enjoyed.

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### **Legal Implications**

There are no legal observations.

### **Financial Implications**

The financial implications are indicated in the report.

### **Consultation on Reports to the Executive**

None.

### **Background Papers**

- Housing Review Board report 26<sup>th</sup> November 2009 Collaboration with Mid Devon District Council.
- Advertisement, tender and tender evaluation documents.

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