

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	HOUSING, NEIGHBOURHOODS AND LEISURE COMMITTEE		
DATE:	14 MARCH 2018	AGENDA ITEM:	14
TITLE:	CONTRACT AWARD - MEASURED TERM CONTRACT FOR GAS CENTRAL HEATING INSTALLATIONS 2017/18-2022/23		
LEAD COUNCILLOR:	COUNCILLOR ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING	WARDS:	ALL
LEAD OFFICER:	LEISA PATEMAN	TEL:	0118 9373343 / 73343
JOB TITLE:	PRINCIPAL BUILDING SURVEYOR	E-MAIL:	Leisa.pateman@reading.gov.uk

1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of a 'Measured Term' Contract (MTC) for the provision of gas boiler and full central heating system installations and servicing. This contract relates to the repair and maintenance of the Council's Housing Stock.
- 1.2 The contract will be split between two contractors. No volume of expenditure is guaranteed under these contracts as annual expenditure will depend on the actual level of work that is required to be sub-contracted during the course of the year. However, based on expenditure records, typically the total expenditure is estimated to be circa £1m per annum, (£500,000 per annum per contractor).

2. RECOMMENDED ACTION

- 2.1 That Housing, Neighbourhoods & Leisure Committee provide delegated authority to the Head of Housing and Neighbourhood Services in consultation with the Lead Councillor for Housing to award a Measured Term Contract for Gas Central Heating installations to Correct Contract Services Ltd and AP Faulkner (Heating) Ltd for a period of 3 years with an option to extend for 2 further consecutive years in accordance with the Public Contract Regulations 2015.

3. MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK

- 3.1 Reading Borough Council's Housing Property Services manage the day to day repairs, planned maintenance and voids repair works to approximately 5,600 Council properties which are let throughout the borough.
- 3.2 Housing Property Services does not have the capability to undertake heating system and boiler replacements in-house, it has been proven through previous competitions that specialised contractors are able to undertake the work in a more efficient way, for lower cost.
- 3.3 Housing Property Services have invited tenders for gas boiler and full central heating system installations, servicing and renewable technologies. Tenders have been evaluated on both a price and quality element.
- 3.4 This MTC has been tendered against Housing Property Services Schedule of Rates, which are based on the National Housing Federation rates. Included in these are costs for boiler, pipework and radiator etc. install. These individual rates are combined into a typical heating system install composite rate and tenderers are invited to submit their price in the form of a percentage increase or decrease against the published rates for work items. Due to the value of works, two contractors will be awarded a contract to undertake the works.
- 3.5 The quality element was evaluated using the answers to questions set out in the tender document about how the contractors would approach certain aspects of the contract should they be successful. These are scored against model answers.

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The contract will support the achievement of the Council's strategic aims of 'providing homes for those in most need' and 'remaining financially sustainable to deliver service priorities' by using a cost effective means of delivering improvements to the Council's Housing Stock.
- 4.2 Tenderers are advised that the Council's current Low Wage policy expects the payment of the Living Wage rate set independently by the Living Wage Foundation and updated annually in the first week of November each year. All providers appointed are expected to pay a Living Wage in accordance with this policy to all staff working on Reading Borough Council contracts. The UK Living Wage for employees outside of London is currently (November 2017) £8.75 per hour.

5. COMMUNITY ENGAGEMENT AND INFORMATION

5.1 Not applicable

6. EQUALITY IMPACT ASSESSMENT

6.1 An Equalities Impact Assessment is not required for this contract.

7. LEGAL IMPLICATIONS

7.1 The Measured Term Contracts will be awarded using the Joint Contracts Tribunal "Measured Term Contract - 2011".

8 FINANCIAL IMPLICATIONS

8.1 No volume of expenditure is guaranteed under these contracts as annual expenditure will depend on the actual level of work that is required to be sub contracted during the course of the year. However, based on expenditure records, typically the total expenditure on each contract across its 5 year lifespan is expected to be as follows:

- Contractor 1 MTC - £2,500,000 (£500K per annum)
- Contractor 2 MTC - £2,500,000 (£500K per annum)

8.2 The budget for these contracts is included within the existing Housing Revenue Account repairs and maintenance budgets and provided for in the 30 year Business Plan.

9.0 BACKGROUND PAPERS

9.1 None applicable.