

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	20 JANUARY 2020		
TITLE:	CONTRACT AWARD - MEASURED TERM CONTRACT FOR GAS CENTRAL HEATING INSTALLATIONS 2020-2025		
LEAD COUNCILLOR:	COUNCILLOR ENNIS	PORTFOLIO:	HOUSING
SERVICE:	HOUSING PROPERTY SERVICES	WARDS:	BOROUGHWIDE
LEAD OFFICER:	JO FULLER	TEL:	0118 9373811
JOB TITLE:	BUILDING SURVEYOR	E-MAIL:	joanna.fuller@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. 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 year. However, based on expenditure records, typically the total expenditure is estimated to be circa £500,000 per annum for each contractor respectively.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee provide delegated authority to the Director of Economic Growth and Neighbourhood Services in consultation with the Lead Councillor for Housing to award a Measured Term Contract for the Gas Central Heating Installations for a period of 3 years with a 2-year extension.

3. MEASURED TERM CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK

- 3.1 Housing Property Services proposes to invite tenders for 1 'measured term' contract (MTC) covering gas boiler and full central heating system installations.
- 3.2 Tenderers will be invited to submit their price following the measured term format, subsequently amended. A negotiated single price delivery format will be agreed for two winning contractors.
- 3.3 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. Elements of this work

are sometimes sub-contracted out through the use of MTC's to manage peaks in workload at times when there is not enough capacity within the in-house teams or to provide specialist services.

- 3.4 In each case the ability to carry out the work covered in the MTC using existing resources or direct employment of operatives to carry out the work has been examined and found to be uneconomical due to level of spend or the capacity/specialist skills not being available internally. Under these circumstances, it is more efficient and cost effective for the service to sub contract work in this way rather than employing additional staff who would be surplus to requirements outside of peak times.
- 3.5 MTCs of this nature are normally put in place for a 5-year period (3 years + 2 years extension). The current arrangements with contractors for gas central heating installations are due for renewal.

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.

5. ENVIRONMENTAL IMPACT

- 5.1 It is currently expected that gas boilers for new build properties will be phased out by 2025, however at this stage there is no indication that existing gas boilers will have to be replaced with an alternative.

Whilst there are emerging alternatives to gas, these are yet to be proven for large scale replacements. The service is therefore proposing to continue with installing higher efficiency A rated gas boilers in the short to medium term. During this period, the service will trial new solutions which may include electric boilers, thermal heat storage, air source heat pumps, ground source heat pumps and other new technology as it is developed. Solar thermal will be incorporated where this is achievable.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 It is intended as far as possible to ensure that the successful tenderers pay the living wage to all employees working on Reading Borough Council properties. 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 £9.00 per hour.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 There is no Equalities Impact Assessment required for these contracts.

8. LEGAL IMPLICATIONS

8.1 The Measured Term Contracts will be awarded using the Joint Contracts Tribunal “Measured Term Contract - 2016”.

9 FINANCIAL IMPLICATIONS

9.1 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 year. However, based on expenditure records, typically the total expenditure with each contractor 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)

9.2 The budget for these contracts is included within the existing Housing Revenue Account repairs and maintenance budgets as agreed in the Council’s annual budget setting process.

10 BACKGROUND PAPERS

10.1 None applicable.