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**Meeting:** Executive

**Date:** 25 June 2013

**Subject:** Award of the Central Heating Installation Contract 2013-2016

**Report of:** Cllr Carole Hegley, Executive Member for Social Care, Health and Housing

**Summary:** The report proposes to award the Contract for the Central Heating Installation Service 2013 -2016.

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**Advising Officer:** Julie Ogley, Director of Social Care, Health and Housing

**Contact Officer:** Basil Quinn & Peter Joslin – Housing Asset Managers

**Public/Exempt:** Public but with an exempt appendix under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.

**Wards Affected:** All wards in the South of Central Bedfordshire

**Function of:** Executive

**Key Decision** Yes

**Reason for urgency/ exemption from call-in (if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The actions support the Council priorities:

- Enhancing the local community
- Promoting health and wellbeing and protect the vulnerable
- Value for money

**Financial:**

1. The budget for Central Heating Installations is £1.1 m per annum for the duration of the 3 year contract. These sums are included in the Landlord Services Business Plan, which reflects the average spend on installations in recent years. Whilst this budget provision is available within the Landlord Service Business Plan, there is no obligation within the contract to spend a minimum sum with the chosen contractor, so the Council has the flexibility to adapt its strategy to meet its current priorities without financial loss. The contract evaluation is based upon an equal 50% price and 50% quality assessment to help ensure value for money from the contract.

**Legal:**

2. Standard contract documentation (Foremaster Version 6), with composite rates for completion of either a full central heating installation, boiler replacement only or renewable energy system, i.e. solar power for hot water and heat pump for main heating source.

**Risk Management:**

3. If the contract is not awarded there are risks that the central heating installation programme for 2013 and onwards will not be delivered. Homes will not be made warmer through improved heating and insulation in accordance with the Council's Housing Asset Management Strategy.

**Staffing (including Trades Unions):**

4. There is no impact on Council staff. This service is subject to a TUPE transfer of the existing staff from the current contractor providing the service to any new contractor.

**Equalities/Human Rights:**

5. Equality and diversity are key issues for all directorates within Central Bedfordshire Council. As part of the tender evaluation contractors demonstrated their compliance with the Corporate Equalities Policy and incorporate this commitment within their method statements. As part of ongoing contract monitoring arrangements the Council will check that statutory service delivery and employment requirements relating to equality are being met.
6. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

**The Equality Impact Assessment (EIA) highlighted the following:**

7. The contract provides for flexibility in the layout of central heating installations, which is particularly important to facilitate accessibility for older people and those with disabilities. In planning works, items such as the height and ease of use of controls, location of radiators etc are taken into account.

8. For the tendering of this contract the timescales for completion of works have been set at 3 working days for central heating system and 5 working days for a combined heat pump and solar power system, to reduce disruption. Close contract monitoring will be required to ensure that these targets are being met and that work to achieve such targets is not impacting adversely on vulnerable tenants. The contract includes a requirement that some form of heating and hot water is to be available at the end of a working day or in the unlikely event this is not possible, that alternative facilities are provided.
9. The EIA also highlighted that although the service continually collects tenant diversity information and customer satisfaction data, there appears to be a lack of data and analysis as to the impact of planned maintenance work on specific groups. The service does not collect diversity data for those customers receiving planned maintenance work and the criteria for programming central heating works relate to the age, condition and life expectancy of the existing system, not the vulnerability of the tenant. However, when work to a property is being planned and carried out, the needs of the tenant are taken into consideration.
10. Contractual duties place an emphasis on equality and diversity, including specific requirements to ensure contractors have taken steps to achieve equality in their employment and service practice.

**Public Health:**

11. The installation of a central heating system and increased loft insulation is designed to improve the housing stock and contribute towards improving and maintaining health and wellbeing for Council housing tenants. A more efficient boiler and increased insulation should lead to a reduction in fuel poverty, as well as improved winter warmth, which will contribute towards reducing excess winter deaths.

**Community Safety:**

12. Not applicable.

**Sustainability:**

13. Recycling targets will be agreed at contract award with the contractor. In line with the Council's Housing Asset Management Strategy, contractors will be expected to demonstrate the same level of commitment to environmental sustainability as the Council. Contractors will be expected to ensure any waste from programmes is minimised.

**Procurement:**

14. The contract has been tendered in accordance with the Council's Corporate Procurement Rules.

**Overview and Scrutiny:**

15. This matter has not been considered by Overview and Scrutiny.

**RECOMMENDATION:**

**The Executive is asked to:**

- 1. award the Contract for Housing Central Heating Installation Contract to contractor A.**

<i>Reason for Recommendation:</i>	<i>So that the Council's Housing Services Central Heating Installation programme is maintained and delivered in 2013 - 2016.</i>
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**Executive Summary**

16. This report outlines the outcome of the tendering of the Housing Central Heating Installation Contract. This contract was procured using standard contract documentation (Foremaster Version 6).
17. The contract will provide improved value for money (approximately 5 % saving on the current budget and installation costs, equivalent to an additional 19 full installations that can be completed this year) and also deliver good quality customer care for our residents.
18. The new contract allows for the installation of renewable forms of power. This will be used where it is most viable, for example, in areas currently off gas, targeting residents using other expensive forms of energy, for instance, electrical storage heaters, solid fuel will be complemented with a package of other energy reducing measures. More fuel efficient heating systems, in conjunction with renewables, make a positive contribution in reducing energy bills and carbon emissions. The contract will be linked to improved insulation initiatives and education into better use of energy for Council housing tenants, as indicated in the Housing Asset Management Strategy.

**Background**

19. The existing contract for central heating installations ends in August 2013 and the Council is required to enter into new contract arrangements that will commence from September 2013.
20. This contract supports the priorities of the Housing Asset Management Strategy (HAMS) to ensure the housing stock is kept in good repair and meets tenants' current and future expectations. It specifically supports Priority 6 – Improve the energy efficiency of the housing stock, helping to reduce carbon emissions and reduce the cost of heating homes.

## 21. **The Contract**

- i) This is a three year contract and subject to performance and annual review.
- ii) An established Tender Documentation, called M3NHMF Schedule of rates 6.0 (Measured Term Contract), with bespoke composite codes forms the basis of the Contract.
- iii) Using this type of contract, the contractor is paid for a boiler replacement, and or full central heating installation, based on size of property. i.e. 1 bed, 2 bed etc. For renewable energy installations i.e. solar panels, this will be based on m2 area, for heat pumps this will be on the size of unit to be installed. The contractor is responsible for all design.
- iv) Agreed variation orders are then raised for any adjustment to the original works using pre-priced rates, before the contractor is paid any additional or reduced sums.

22. Although the National Housing Federation (NHF) Schedule of Rates doesn't specifically cater for continuous improvement and efficiency gains, provision has been made in the document, making it a contractual requirement for the parties to review these aspects on an ongoing basis.

## **Tender Evaluation**

- 23. A contract advert was placed on the 26 June 2012 in an appropriate trade magazine, Plumbing and Heating News, and on the CBC website.
- 24. 32 pre qualification questionnaires were received on the 31 August 2012 and 11 contractors were shortlisted.
- 25. 5 contractors declined to tender, 6 tenders were received by the closing date and therefore evaluated.
- 26. The Standard Award Criteria Evaluation Model is a points system based upon 50% of the points being awarded for financial submissions and 50% of the points being awarded for quality method statement submissions/site visit. The criteria for assessment of quality covered the following specific areas: Environment; Equalities, Health & Safety, Insurances & Data Handling, Method of Delivery of the service, Resources to be allocated, Business Continuity, Quality control and Performance Management (KPI's), Customer Care and Social Values.
- 27. A joint evaluation panel made up of officers and tenants was established to evaluate all tender bids. The information provided in the quality method statements was reviewed and scored and 3 contractors were invited to the final site visit stage. This was to ensure that information provided in Method Statements was substantiated. The outcome of this was a contractor who meets all the quality and financial criteria and demonstrates the most economically advantageous tender.

**Appendices:**

Appendix A – Exempt report Award of the Housing Central Heating Installation Contracts 2013 - 2016

**Background Papers:** (open to public inspection) None