

## London Borough of Hammersmith and Fulham Record of Leader's Urgent Decision

**The call-in has now expired and the decision below can be implemented.**

- ❖ Draft Decision List published on: 21 May 2020
- ❖ Confirmed Decision List published on: 27 May 2020

1. **TITLE: Contract Award Report: Gas Servicing and Maintenance**
2. **DECISION MADE BY:** Leader of the Council
3. **DECISION:**

It is recommended that the Leader:

1. Notes that Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. Approves the award of the Gas servicing and maintenance contract for five years to 31<sup>st</sup> July 2025 with a provision to extend for up to two 12 month periods, to Morgan Sindall Property Services Limited, for the value of £29.5m (consisting of a fixed fee of £14.5m for domestic servicing and communal maintenance, plus £15m of estimated spend for variable volume investment work, including the installation of new boilers, priced against bespoke prices and a discounted Schedule of Rates).
3. Agrees the award of a reserve contract to K&T Heating Services Limited.
4. Notes that the award of contract cannot be made until the conclusion of the S.20 consultation referred to in section 5 of the report.
5. Agrees that for 2020/21, the part-year costs of these contracts of £3.931m plus one-off mobilisation costs of £0.190m are funded from the following sources:
  - the Housing Revenue Account General Reserve for the one-off mobilisation costs (£0.190m) and part-year contract costs (£0.047m)
  - existing revenue budgets within the Housing Revenue Account (£1.788m),
  - the boiler installation, capitalised repairs and unallocated budget within the housing capital programme (up to £1.646m),
  - revenue savings of £0.450m from a savings plan which is currently being developed for the Housing Revenue Account and which

requires total savings of £1.633m in 2020/21 rising to £2.622m per annum from 2021/22 onwards (note that this is in addition to the existing savings plan previously approved at Cabinet in February 2020 which requires savings of £0.5m in 2020/21 rising to £4m per annum from 2023/24 onwards).

6. Agrees that from 2021/22 onwards, the full-year costs of these contracts of £5.896m are funded from the following sources:
  - existing revenue budgets within the Housing Revenue Account (£2.682m),
  - the boiler installation, capitalised repairs and unallocated budget within the housing capital programme (up to £2.469m),
  - revenue savings of £0.745m from a savings plan which is currently being developed for the Housing Revenue Account and which requires total savings of £1.633m in 2020/21 rising to £2.622m per annum from 2021/22 onwards (note that this is in addition to the existing savings plan previously approved at Cabinet in February 2020 which requires savings of £0.5m in 2020/21 rising to £4m per annum from 2023/24 onwards).
  
7. Agrees that if the required level of savings cannot be delivered for either or both 2020/21 and 2021/22 onwards, that the HRA General Reserves are used to fund any shortfall up to £0.450m for 2020/21 (in addition to the £0.047m required for part-year contract costs) and up to £0.745m for 2021/22 onwards for the term of the contract.

#### 4. **REASON FOR DECISION:**

Hammersmith and Fulham Council has a legal obligation to ensure its properties are maintained and as a landlord it needs to deliver Gas servicing and maintenance services to its tenants, including the duty to carry out annual Gas Safety checks.

The recommendations outlined are required to appoint a contractor to carry out these works as the interim Gas contract expires on 31<sup>st</sup> July 2020.

The recommendations outlined are the most effective way to ensure continuity of Gas servicing and maintenance services and legal compliance.

The recommendations outlined are based on a competitive tendering process in line with the Public Contracts Regulations 2015. The Final Tenders received were evaluated by the Council's evaluation team against published evaluation criteria. The Contractors recommended for appointment were identified as the most economically advantageous tenderers having applied the evaluation criteria.

5. **ALTERNATIVE OPTIONS CONSIDERED:**

As described in the report.

6. **CONFLICTS OF INTEREST DECLARED AND DISPENSATIONS GRANTED:**

None

<b>Date of Decision</b>
20 May 2020