



NORWICH City Council

Committee Name: Cabinet

Committee Date: 09/03/2022

Report Title: Award to Domestic Gas Heating Upgrading Provision to Council Properties for Year 3 only.

Portfolio: Councillor Harris, Deputy leader and cabinet member for social housing

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To consider the award of the contract for the third year of the domestic gas heating upgrading for council properties.

Recommendation:

To award the contract for year 3 of the domestic gas heating upgrading programme to Dodd Group Limited for an estimated minimum value of £2.27m as detailed in paragraphs [11 to 14 in Financial and Resources section.](#)

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the Good jobs and Good quality housing corporate priorities

This report addresses the Performance framework strategic action in the Corporate Plan

This report helps to meet the “housing, regeneration and development” objective of the COVID-19 Recovery Plan

Report Details

Identification of need and background

1. Norwich City Council has an investment programme in its housing stock to maintain and prolong the life of the property portfolio, and to ensure that the council meets the 'Norwich Standard' for the homes it provides.
2. The investment includes programmed replacement of gas boilers and distribution heating systems within council owned domestic dwellings.
3. The continued investment will have a substantial impact in improving the quality of the homes the council provides and on reducing the number of day-to-day repairs that will need to be carried out.
4. In February 2021, Cabinet considered the award of the contract for the second year of the domestic gas heating upgrades. This report identified that the programme would be split across two suppliers, namely PH Jones Limited and Dodd Group Limited to ensure that both suppliers had the capacity to perform the work on a timely basis and to the satisfactory standard.
5. Due to the various challenges PH Jones experienced in delivering the contract both the Council and PH Jones have mutually agreed to end the relationship. It has been noted that Dodd Group have performed well on their first year on the contract with the Council. As well as the planned upgrades of 367 properties, they have undertaken work on a further 215 properties on a reactive basis.

Proposal

6. The contract was called off from an Eastern Procurement Limited (EPL) framework. The value of the award is varied on an annual basis according to the level of work required by the Council.
7. Due to the high performance achieved by Dodd Group in delivering their elements of the contract, the Council intends to award the full value of works for 2022/23 to Dodd Group. Dodd Group have demonstrated they are able to deliver significantly more work than their current contract with the Council and have confirmed to the Council that they are able to deliver the full allocation of works to 842 properties during the year.
8. Under the current arrangements, the contractor replaces both the boiler unit and the associated pipework. However, it has been identified that in many cases, pipework replacement is not necessary and therefore the Council intends that the future scope of the year 3 contract will be to replace the boilers, and only replace pipework and radiators where it is necessary to do so.
9. EPL have confirmed that this variation, and award to Dodd Group, is allowable under the contractual arrangements of the framework.

Consultation

10. No leaseholder consultation is required.

Implications

Financial and Resources

11. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.
12. The Council has initially allocated a budget of £3,115,400 in the 2022-23 HRA Capital Programme for boiler upgrades.
13. The projected value for 2022/23 of the boiler replacement works only is £2,277,705 (excluding VAT). In addition, the Council will incur costs for replacing pipework and radiators where this is required; it is expected that this can be fully funded from the current budget allocation.
14. Resources not expended on replacing distribution pipework and radiators can be held in reserve whilst further investigations are undertaken as to how carbon emissions of domestic properties can be reduced.

Legal

15. The contract will be subject to the EPL Heating Services framework contract and advice has been taken from EPL to ensure the Council's proposed arrangements are sound.
16. The contract adheres to the following regulations:
 - Gas Safety (Installation and Use) Regulations 1998 (GSIUR)
 - The Water Supply (Water Fittings) Regulations 1999 [any human rights issues]

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Neutral
Health, Social and Economic Impact	<ul style="list-style-type: none"> • These works ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well maintained homes that are fit for purpose. • Frameworks procured through Eastern Procurement Ltd, ensure that Norwich City Council achieves value for money.
Crime and Disorder	Neutral
Children and Adults Safeguarding	The supplier must adhere to the councils Safeguarding Policy statement.
Environmental Impact	Neutral

Risk Management

Risk	Consequence	Controls Required
Current outdated boilers that are older than those published in the Norwich Standard could fail.	Tenants could be left with no heating or hot water.	Replace the current boiler as required.
Current outdated systems could fail	Tenants could be left with no heating or hot water and pose a risk to property damage.	A full system survey is undertaken to establish the quality of the system or defects prior to any works taking place.
Failure of key contractor to deliver required works	Tenants are left with outdated systems that do not comply with our standards, are less efficient and pose a risk of breakdown	Dodd Group have demonstrated they are capable of delivering to the expected standards and timeframes of the contract and are capable of producing higher capacity. We will continue to monitor performance and supplier viability during the remaining contract term

Other Options Considered

17. **In house provision:** The council does not have any existing in-house resources to undertake these works.

18. **NCS provision:** The service cannot be provided by NCS at this present time; NCS are presently gearing up for the provision of repairs and maintenance from 1 April 2023.

19. Identify a single supplier to re-award the contract to without competition:

This route would be contrary to Contract Procedures as the value is £2.27m for the remaining period of the contract.

- 20. Continue with the existing framework contract with EPL:** This is the recommended option. Dodd Group Limited have already been awarded the contract for half of the property programme and have performed consistently well and are in the position to take on the entire contract requirements needed to become the sole supplier.

Reasons for the decision/recommendation

21. To ensure the timely re-award of the contract enabling the delivery, by the single supplier, of Gas heating upgrading provision to council properties for the remaining year of the contract from 1 April 2022 to 31 March 2023.

Background papers:

None

Appendices:

None

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