



Committee name: Cabinet

Committee date: 13/11/2024

Report title: Variations and awards of Housing Revenue Account contracts for housing maintenance, upgrades and compliance works.

Portfolio: Councillor Jones, Cabinet member for housing

Report from: Executive director of communities and housing

Wards: All wards

OPEN PUBLIC ITEM

KEY DECISION

Purpose

To consider the variations and awards of the following Housing Revenue Account contracts for housing maintenance, upgrades and compliance works:

- Re-Roofing Programme
- Domestic Heating Upgrades
- Kitchen Installations Programme
- Bathroom Installations Programme
- Domestic Electrical Upgrades and Rewires
- Domestic Electrical Inspections and Testing (EICRs)
- Heating Systems, Servicing and Repairs
- Whole Home Improvements (Void properties)

Recommendations:

It is recommended that the variations, extensions and awards of the following Housing Revenue Account contracts for housing maintenance, upgrades and compliance works are approved for a total value of **£16,113,500.00** as follows, subject to satisfactory performance and quality being met for the complete contract period.

| Item | Action | Works Programme | Value |
|-------------|---------------|---|--------------|
| 1a | Variation | Re-Roofing Programme to a single supplier, Aspect Group Services Limited, for the remaining contract period to 31 March 2025 <i>(to be funded via £275,000 from existing roofing budget and £650,000 Virement (See Financial Implications))</i> | £925,000.00 |

| Item | Action | Works Programme | Value |
|------|-----------|--|---------------|
| 1b | Variation | Domestic Heating Upgrades to a single supplier, Dodd Group (Eastern) Ltd, for the remaining contract period to 31 March 2025 <i>(to be funded from existing HRA Capital budget)</i> . | £306,000.00 |
| 1c | Variation | Kitchen Installations Programme to a single supplier, Gasway Services Limited for the remaining contract period to 31 March 2025 <i>(to be funded from existing HRA Capital budget)</i> . | £270,000.00 |
| 1d | Variation | Bathroom Installations Programme to a single supplier, Gasway Services Limited, for the remaining contract period to 31 March 2025 <i>(to be funded from existing HRA Capital budget)</i> . | £275,000.00 |
| 1e | Variation | Domestic Electrical Upgrades and Re-wires to a single supplier, Gasway Services Limited, for the remaining contract period to 31 March 2025 <i>(to be funded from existing HRA Capital budget)</i> . | £100,000.00 |
| 2a | Extension | Contract extension Kitchen Installations Programme to a single supplier, Gasway Services Limited, for the additional contract period of 01 April 2025 for up to one year to 31 March 2026 <i>(to be funded from existing HRA Capital budget)</i> . | £1,515,000.00 |
| 2b | Extension | Contract extension Bathroom Installations Programme to a single supplier, Gasway Services Limited, for the additional contract period of 01 April 2025 for up to one year to 31 March 2026 <i>(subject to Full Council 2025/26 HRA budget approval in February 2025)</i> . | £1,520,000.00 |
| 2c | Extension | Contract extension Domestic Electrical Upgrades and Re-wires to a single supplier, Gasway Services Limited, for the additional contract period of 01 April 2025 for up to one year up to 31 March 2026 <i>(subject to Full Council 2025/26 HRA budget approval in February 2025)</i> . | £1,515,000.00 |

| Item | Action | Works Programme | Value |
|------|-----------|--|---------------|
| 2d | Extension | Contract extension of the Domestic Electrical Inspections and Testing (EICRs) to a single supplier, Gasway Services Limited, for the additional period of 01 April 2025 for up to one year to 31 March 2026 (<i>subject to Full Council 2025/26 HRA budget approval in February 2025</i>). | £200,000.00 |
| 3a | Award | New contract for the Re-Roofing Programme to a single supplier, Aspect Group Services Limited, for an additional contract period of 01 April 2025 for up to one year to 31 March 2026 (<i>subject to Full Council 2025/26 HRA budget approval in February 2025</i>). | £2,000,000.00 |
| 3b | Award | New contract for Domestic Heating Upgrades to a single supplier, Dodd Group (Eastern) Ltd, for an additional contract period of 01 April 2025 for up to one year to 31 March 2026 (<i>subject to Full Council 2025/26 HRA budget approval in February 2025</i>). | £3,100,000.00 |
| 3c | Award | Heating Systems, Servicing and Repairs to a single supplier, Gasway Service Limited, for the period of 01 April 2025 for up to one year to 31 March 2026 (<i>subject to Full Council 2025/26 HRA budget approval in February 2025</i>). | £1,900,000.00 |
| 3d | Award | new contract for Whole Home Improvements (Void properties) to a single supplier, Gasway Service Limited, for the period of 01 December 2024 to 31 March 2025 and, for the additional contract period of 01 April 2025 for up to one year to 31 March 2026 (<i>subject to Full Council 2025/26 HRA budget approval in February 2025</i>). | £2,487,500.00 |

Policy framework

The council has five corporate priorities, which are:

- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich.
- An open and modern council.

This report addresses the “A fairer Norwich” corporate priority by maintaining good quality customer homes.

This report helps to meet the Housing Strategy adopted policy of the Council.

Report details

Background

1. The council manages the maintenance and repair of the Council’s social housing property portfolio. To maintain the property stock in good condition it is necessary to undertake repairs and maintenance as appropriate.
2. These works are essential to ensure that the Norwich Standard for housing is upheld so that tenants can live in safe, well-maintained homes that are fit for purpose, and comply with all current applicable landlord legislation.
3. Contracts for Re-Roofing, Heating Upgrades, Kitchens, Bathrooms, Electrical Upgrades and Rewires (housing maintenance) and Electrical Inspections and Testing (compliance) were originally awarded on 28 March 2024 at a value of £499,000.00 each for a contract period of 01 April 2024 up to 31 March 2025. The awards were approved on the understanding that the balance of the required expenditure would be brought to Cabinet in June 2024. The Record of Officer Decision can be found here: [Officer decisions 2024 | Norwich City Council](#).
4. However, as Cabinet could not convene due to the calling of the General Election, the Chief Executive Officer undertook an Urgent Officer Decision following member consultation. Approval was granted to increase the overall value of all contracts to enable the programme of works to be completed through to 31 March 2025 (with the exception of the Electrical Inspections and Testing which was decreased. The Record of Officer Decision from 30 June 2024 can be found here: [Officer decisions 2024 | Norwich City Council](#).
5. As the procurement timelines for these now run until September 2025, the current delivery programmes need to be maximised through to March 2026 and will be delivered by the following:
 - The existing housing maintenance contracts for Re-Roofing, Heating Upgrades, Kitchens, Bathrooms and Electrical Upgrades and Rewires require additional budget via variations to ensure works are provided for up to 31 March 2025 (**as per Recommendations 1a to 1e.**)
 - The existing housing maintenance contracts for Kitchens, Bathrooms and Electrical Upgrades and Rewires then also require additional budget to be extended to ensure works are provided for from 01 April 2025 up to 31 March 2026 (**as per Recommendations 2a to 2c.**)
 - The existing compliance contract for Electrical Inspections and Testing requires additional budget and to be extended in order to ensure the council continues to meet statutory compliance requirements from 01 April 2025 up to 31 March 2026 (**as per Recommendation 2d.**)
 - Due to contract extensions not being available (EPL do not permit it as their framework has expired), the existing housing maintenance

contracts for Re-Roofing and Heating Upgrades require new awards from 01 April 2025 in order to ensure works are provided for up to 31 March 2026 **(as per Recommendations 3a and 3b)**. Further information can be found at Point 14 below.

6. In addition, two new contracts are required as follows:

- An existing contract for Heating Systems Servicing and Repairs was approved by Cabinet in September 2020 and is due to end on 31 March 2025. As a contract extension is not available (EPL do not permit it as their framework has expired), to ensure the council continues to meet statutory compliance requirements, a new award is required for the provision of these works from 01 April 2025 to 31 March 2026 **(as per Recommendation 3c)**.
- A contract for Whole Home Improvements (Void properties) contract was approved by Cabinet in July 2023 and ended on 31 August 2024. As no active contract is currently in place, a new contract award is required for the provision of these works from 01 December 2024 to 31 March 2026 **(as per Recommendation 3d)**.

7. The increase in the current year capital contracts is to ensure housing asset improvements are undertaken on a lifecycle basis and reducing the requirement of reactive repairs.

8. All contracts covering these works are provided for under Eastern Procurement Limited (EPL) frameworks.

9. All extension periods of 01 April 2025 to 31 March 2026 are based on the understanding the whole 12-months may not be fulfilled. Suppliers have been guaranteed a minimum of six-months but are aware a contract may be terminated earlier if the long-term Capital and Compliance Works procurement processes are completed and ready to be mobilised before 31 March 2026. **(please see the Legal Implications section below for more information)**.

10. The additional values requiring approval for all contracts are as below:

| Contract | Total £ approved to date | £ required to 31/03/2025 <i>(from 2024/2025 budget)</i> | £ required to 31/03/2026 <i>(from 2025/2026 budget)</i> | Total additional requested |
|-------------------------|---------------------------------|---|---|-----------------------------------|
| Re-roofing | £725,000 <i>(June24)</i> | £925,000 | £2,000,000 | £2,925,000 |
| Heating upgrades | £800,000 <i>(June24)</i> | £306,000 | £3,100,000 | £3,406,000 |
| Kitchens | £1,160,000 <i>(June24)</i> | £270,000 | £1,515,000 | £1,785,000 |
| Bathrooms | £1,311,000 <i>(June24)</i> | £275,000 | £1,520,000 | £1,795,000 |
| Electrical | £1,600,000 | £100,000 | £1,515,000 | £1,615,000 |

| | | | | |
|---|----------------------|-------------------|--------------------|--------------------|
| upgrades & rewires | (June24) | | | |
| Electrical inspections & EICRs | £198,400 (June24) | None | £200,000 | £200,000 |
| Heating systems servicing and repairs | n/a – new award | None | £1,900,000 | £1,900,000 |
| Whole Home Improvements | n/a – new award | £987,500 | £1,500,000 | £2,487,500 |
| TOTALS | | £2,863,500 | £13,250,000 | £16,113,500 |
| Key: Variations in green, extensions in purple and new awards in orange) | | | | |

Procurement

11. Eastern Procurement Ltd (EPL) is a not-for-profit organisation offering specialist compliant framework agreements, social landlords and other public sector bodies, predominantly in the Eastern region. The council are owner members of EPL and work closely with them to create bespoke procurement frameworks. The frameworks promote value for money for the council and include SMEs and local suppliers.
12. To be successful in being accepted onto a framework, suppliers are evaluated on a price and quality scoring system and are ranked accordingly. Within framework guidelines, EPL members are permitted to select the most appropriate contractor that best meets the individual contract requirements.
13. EPL have advised as the originally awarded frameworks have expired, it is not possible to extend the existing call off contracts for Re-Roofing, Domestic Heating Upgrades and Heating Systems Servicing and Repairs past 31 March 2025. Therefore, as a Direct Award option is permissible under framework rules, new contracts will be awarded to the incumbent suppliers for the period of 01 April 2025 up to 31 March 2026. The added benefit in this instance is the rates charged for the works are better value for the council under the new frameworks that commenced in 2024 (**as per Recommendations 3a,3b and 3c**).
14. A Direct Award is also permissible under the applicable framework for the new Whole Home Improvements (Void Properties) contract that is required from 01 December 2024. The award will be made to the most recent supplier who carried out the works to 31 August 2024 as they will be able to pick up the programme without any further delays (**as per Recommendation 3d**).

Due diligence

15. Financial checks are carried out by EPL upon the award of each framework as suppliers are required to meet strict criterion in order to be accepted with additional checks carried out on an annual basis.

16. The council's Procurement Team also carry out quarterly financial checks. For the purposes of this report, an additional financial check has been undertaken on 22 October 2024 utilising the council's financial assessment tool (Dun & Bradstreet) which rates the suppliers as in a stable condition with the overall business risk showing as:

- Aspect Group Services Limited – Low to Moderate
- Gasway Services Limited – Low
- Dodd Group (Eastern) Limited – Low

17. All suppliers have confirmed they have the capacity to continue the work if required to 31 March 2026.

18. The contracts will be subject to ongoing review to ensure satisfactory performance and delivery of the contract throughout the full term.

19. The procurement exercises have been undertaken in accordance with the council's contract procedures and framework requirements – having checked with the framework owner.

20. We anticipate, subject to Cabinet approval, for EPL to issue the additional documentation required after the call-in period.

Consultation

21. A full Leasehold consultation has been completed on the Asset Improvement and Sustainability framework with EPL so all works awarded under that framework can continue to be recharged up to contract end at 31 March 2026.

22. A full Leasehold consultation was completed on the previous Roofing framework that ended earlier in 2024 which is valid for any works that are completed to 31 March 2025. However, Section 20 on the new roofing framework has not been carried out. Therefore, the affected leaseholder blocks not deemed urgent will form part of the planned capital works programme and subject to consultation at that stage.

23. A full Leasehold consultation was completed on the previous Heating framework that ended earlier in 2024 and is rechargeable for works up to 31 March 2025, However, the new heating framework has not had been through Section 20 consultation and it is not possible to retrospectively carry this out. There are two contracts to be awarded under this new framework:

- **Domestic Heating Upgrades** – as leaseholders are not part of the domestic heating works programme this will have no effect and the council will not incur any losses.
- **Gas Systems Servicing and Repairs** – as this contract includes district and communal boiler systems, Leaseholders currently receive and pay for this service. Service charges for 2025-2026 are estimated at £34,066.00 with recovery of £2,400.00 (based upon a cap of £100 per property). The HRA will look to fund the shortfall in this instance.

Implications

Financial and resources

24. 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 2024-29 and budget.
25. The proposed programme of works form both part of ongoing compliance work, servicing and upgrades works and will be funded from the 2023-28 HRA capital programme and HRA revenue budgets, as approved by Council on 21 February 2023.
26. Although the budgets required to fund all the proposed capital works, have already been approved as part of the five-year HRA capital programme, it will be necessary to adjust some individual project budgets.
27. For 2024/25 budgets, the necessary virements have been proposed within the 2024-25 Quarter 2 – budget monitoring report, also on the agenda of this meeting.
28. Where adjustments are required to existing approved 2025/26 capital and revenue budgets, adjustments will be incorporated into the 2025/26 revenue budgets and 2025-30 HRA capital programme to be proposed to Council in February 2025. Alternatively, budgets may be reprofiled from future years within the five-year capital programme, under the delegation to the chief finance officer (S151 Officer), to approve technical virements for general fund, housing revenue account and capital budgets, to make budget transfers where there is no underlying change in the budget intention, as approved by full Council on 21st February 2024.

Legal

29. EPL have confirmed that all of the frameworks for each contract are deemed as Works.
30. Each call off contract is, or will be, in the form of a JCT Measured Term Contract (MTC) 2016 and they will need to be amended in each case where there is a variation or extension. Each contract variation, extension or new contract will require to be sealed and 'Executed Under Deed'.
31. Regulation 72 (**Clause 1e**) of the Public Contract Regulations (PCR 2015) will apply to the contract variations (**as per Recommendations 1a to 1e**) and extensions (**as per Recommendations 2a to 2d**) which states:

'where the modifications, irrespective of their value, are not substantial within the meaning of paragraph (8)'

It will not be substantial if the modifications don't render the contracts materially different in character, there are no new conditions which would have changed the original procurement, the economic balance doesn't change, the modifications don't extend the scope significantly and no new contractor is introduced.

Procurement colleagues have confirmed that this criteria is met.

32. EPL will issue variation documents supplementary to the existing JCT MTC 2016 contracts for all variations and extensions (**as per Recommendations 1a to 1e and 2a to 2d**).

33. EPL will issue new full JCT MTC 2016 contracts for the new awards (**as per Recommendations 3a to 3d**).

34. JCT MTC 2016 allows for a standard 13-week “no fault” break clause. However, the following additional special terms have been agreed between the council, EPL and with each of the suppliers (contractors) and will be applicable to all contracts detailed in this report. As follows:

- The council will be required to commit to six-months of work for each of the above contracts and for each of the above suppliers (contractors).
- A break clause of 16-weeks (four months) will be applied to each contract with the council required to confirm in writing to the supplier no later than that 16-week period should the council need to terminate before the 31 March 2026 expiry date.
- A break clause of 16-weeks (four months) will also be applied to each contract with each of the suppliers (contractors) required to confirm in writing to the council no later than that 16-week period should the supplier (contractor) need to terminate before the 31 March 2026 expiry date.
- The minimum six-month term, break clause and termination clause as above will be included in the contract documentation.

35. The council’s Information Sharing Protocol will apply to this contract. Each supplier has an existing Data Sharing Agreement which will be reviewed with the council’s Data Protection Officer and updated accordingly in line with the new contract period.

36. The variation and award of each contract will be published in Contracts Finder.

37. There are no infringements of any human rights envisaged as a result of the award of these contracts.

Statutory considerations

| Consideration | Details of any implications and proposed measures to address: |
|------------------------------------|--|
| Equality and diversity | There are no known direct equality and diversity implications arising from the project, albeit this will continue to be monitored throughout. |
| Health, social and economic impact | The contracts listed will help to enhance customer comfort and well-being providing safe, warm compliant properties and will improve conditions within communal areas for residents. |
| Crime and disorder | Nothing specific to note against this area. |

| Consideration | Details of any implications and proposed measures to address: |
|----------------------------------|--|
| Children and adults safeguarding | The contracts listed will help to enhance customer comfort and well-being providing safe, warm compliant properties that allow peaceful enjoyment. |
| Environmental impact | <p>The contract shall ensure the built environment is maintained and improved to a high standard.</p> <p>Roofing renewals will reduce carbon emissions and reactive repairs.</p> <p>Fitting upgrades in Kitchens & Bathrooms should lead to reduced water usage and nutrient neutrality credits.</p> <p>The fitting of more efficient heating boilers should lead to reduced energy consumption.</p> <p>Servicing of existing boilers reduces breakdown repairs and linked carbon emissions.</p> |

Risk management

| Risk | Consequence | Controls required |
|---|---|---|
| The Council does not successfully enter the contracts to deliver the services | Without the award, the council will not maintain its properties to the required level and not be complaint to statutory regulations | <p>If cabinet approve the award the contract, appropriate properties are targeted to ensure most effective use of the budgets</p> <p>Once works commence this can be reported as a positive that the council take the health and wellbeing and safety of its residents seriously.</p> |
| Current macroeconomic conditions continue including high inflation | Annual uplift on the supplier's Schedule of Rates in line with the local government annual indices. | As this is a contract for one year the increase in budget is within contractual parameters |

| Risk | Consequence | Controls required |
|--|---|---|
| Supplier fails to deliver the contract effectively | The works are not undertaken to a satisfactory standard | <p>This is mitigated by the placement of robust contract management</p> <p>The appointed suppliers delivered the previous contract and have the knowledge to know what's expected</p> |

Other options considered

Reasons for the decision/recommendation

38. **Do nothing:** If the work is not carried out, the council would be non-compliant in its duties and responsibilities. Properties could fall into disrepair, and residents could feel unsafe in their own environment. It could also have a detrimental effect on the reputation of the council as would result in possible negative press attention and customer complaints.
39. **In house provision:** The council does not currently have any existing in-house resources to undertake the installation programme.
40. **Joint venture/ Norwich City Services (NCSL) delivery:** At present there are no opportunities for NCSL to deliver this work programme for the council.
41. **Identify a single supplier to award to without competition:** This route would be contrary to Contract Procedures as the cumulative value is **£16,113,500.00**. This option is **not recommended**.
42. **Run and establish a competitively tendered contract with one supplier:** Timescales do not allow for this option. Suitable Frameworks with Eastern Procurement Limited (EPL) are available with existing established suppliers either via variations and extensions using Regulation 72(1)(e) under PCR 2015 or via new awards using the Direct Award option from compliant frameworks.

Reasons for the decision/recommendation

43. To ensure the timely award of a contract enabling the delivery, of both compliance requirements and capital upgrades to housing properties.

Background papers: None.

Appendices: None

Contact officers: Planned Delivery Manager (Capital) and Head of Building Safety and Compliance

Name: Chris Cameron and Jordan Barr

Telephone number: 01603 987613/ 01603 987719

Email address: chriscameron@norwich.gov.uk

jordanbarr@norwich.gov.uk



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