

Report to Cabinet
09 October 2013
Report of Deputy chief executive (Operations)
Subject Extension of existing contract for housing gas servicing
and repairs

Item

16

KEY DECISION

Purpose

To seek approval to extend the current housing gas servicing and repairs contract for a further three year period.

Recommendation

To approve:

1. the extension of the housing gas servicing and repairs contract for a period of three years commencing 1 April 2014; and
2. the commitment to spend an anticipated £5.4m from the Housing Revenue Account over the extended three year period.

Corporate and service priorities

The report helps to meet the corporate priority “Decent housing for all” and the service plan priority to ensure every gas appliance is serviced and maintained in accordance the statutory regulations and to a high standard.

Financial implications

The financial consequences of this report are extending a contract for the anticipated sum of £5.4m (£1.8m per year over the 3 year term) to be financed from existing budgets and forecasts in the Housing Revenue Account.

Ward/s: All wards

Cabinet member: Councillor Bremner – Housing

Contact officers

Chris Rayner, Head of property services, NPS Norwich Ltd 01603 213208

Carol Marney, Property services manager (Operations), 01603 213463

NPS Norwich Ltd

Background documents

None

Report

Background

1. The Council's existing contract for housing gas servicing and repairs is due to end on 31 March 2014. There is a provision within the contract to extend for a further three year period. The decision of whether to extend for this period needs to be taken shortly because of the time required to procure a new contractor if the decision were to be not to extend.
2. The contract includes the provision of gas and solid fuel safety inspections, annual servicing and associated repairs to Council homes. Over a three year period the value of the contract is approximately £5.4m.
3. The current contractor is Gasway Services Ltd. They are a local SME contractor based on the Sweet Briar Industrial Estate and are performing very well with almost all contract performance indicators being above target and have improved service delivery and value for money in a number of ways:
 - a) Improved first time access for servicing (83% in Year 1 increasing to 90% in Year 2).
 - b) Introduction of "text ahead" technology.
 - c) Improved customer satisfaction (98.7% in Year 1 increasing to 99.8% in Year 2).
 - d) Greater accessibility to services for tenants and leaseholders; all calls for gas related matters now go direct to Gasway's call centre (from the Councils general 0344 number).
 - e) Efficiencies for the Council in terms of inspections and administration; Gasway now carry out "no access" visits without the need for Council staff attendance and collect all required data for court action where necessary.
 - f) Greater resident engagement. Gasway have been at the fore front in attending and sponsoring tenant events and fundays and have attended a number of "Gas Safe" sessions at schools (with Council officers) in the hope that children will talk to their parents about the dangers of gas but also for those children in years 11 and sixth form who are potentially going off to university and living away from home for the first time in a property with gas heating/cooking facilities. The latter has been especially popular with other schools in and around Norwich actually requesting similar sessions.
 - g) More reliable appointments and improvement in first time fix (currently at 95.4% for 2013/14).
 - h) Attention to tenant's individual requirements and focus on the community from attendance and participation at tenant events and fun days.
 - i) Energy advice provided to tenants at the time of a boiler service advising on how heating controls can be used to save money and reduce fuel consumption.
 - j) Monthly prize draw for returned satisfaction questionnaires.

- k) Electronic transfer of completed CP12's (gas safety certificates), reducing administration and scanning resources, resulting in a saving to the council of around 2 days per week in admin time.
 - l) Leaseholders can benefit from heavily discounted rates for servicing (based on the contract rates), which have been frozen for the past three years.
 - m) Joint website with the Council giving additional information to residents and providing the opportunity to report a repair, request a call back, make an appointment or leave customer feedback direct with Gasway.
 - n) Extended working hours and resources during periods of extremely adverse weather at no additional cost.
 - o) Enhanced van stocks to improve 'first time fix' rates.
 - p) Reduced carbon emissions through operative training, fuel efficient fleet and waste reduction and recycling; target of 32.8 tonnes reduction in CO2 for 2013 across their business despite appointment of 9 additional engineers and 2 supervisors for a new contract.
 - q) To date Gasway have appointed 3 apprentices on the strength of the Council's contract.
4. In addition there are opportunities for further improvements that have been identified and proposed by Gasway:
- a) Development of a mobile phone app for tenants to access services.
 - b) Support the 'Building Futures in Norwich' scheme by employing two plumbers on placements with a view to them gaining a trade qualification over the duration of the contract.
 - c) The appointment of an additional apprentice in the first year of the extension.
 - d) Following Gasway's accreditation as Green Deal Installers they would like to work with the council to promote ECO and the Green Deal within the city.
 - e) Commit to trialling an electric van within their fleet.
 - f) Commit to working with local charities to provide discounted gas servicing rates to vulnerable residents within the Norwich area. This will be carried out 'in partnership' with the council.
 - g) To demonstrate the efficiencies that have been made to date across the contract Gasway will provide a rebate on works undertaken outside the scope of the contract. This could take the form of a Community Fund i.e. they could donate £2,000 per year for the remainder of the contract for use within Norwich's community groups. This may assist with the installation of a new kitchen in a community centre or be used to enhance a run-down play area. Local communities would bid for the funding with representatives involved in the decision making process.

- h) Work with the council to install a new heating system at Brewer's Court (a small district heating scheme of around 10 properties). A new, more efficient heating solution would improve the lives of the residents and cut the council's running and maintenance costs significantly. Gasway have already undertaken a full system design and would be able to fund the scheme through grants and efficiencies made in their services.
- 5. If the decision is taken to extend the contract for a further three years, at this point in the contract duration, it would allow an initial period in which to make the proposed changes and an extended period in which to achieve the benefits (both for the Council and tenants).

Contract Options

- 6. A contract options appraisal has been completed considering in-house provision, provision through a joint venture, private sector provision (re-tendering) and extending the current contract. The clear recommendation is for an extension of the current contract for a further 3 year period.

Value for money

- 7. Consideration should be given as to whether more competitive prices could be obtained by ending the current contract and re-tendering. The current contract is based on a lump sum for annual servicing and safety inspections, which includes all repairs up to a value of £500.00. This lump sum is fixed for the initial three year contract period and also any further 3 year extension subsequently agreed, and is only subject to an annual increase based on the Building Cost Information Service (BCIS) indices. To put this into context the uplift for 2013/14 was 0.2%. A re-tender could result in a further decrease to current rates but it could also result in an increase to current costs.
- 8. There is considerable staff time required to re-tender and then to establish a new working relationship assuming that the contractor changes and of course although the cost of the contract may decrease there is also a risk that performance may also decrease.
- 9. Gasway have demonstrated a willingness to work with the council to lower costs and improve performance, which is an important aspect when considering whether to extend the existing contract.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete

Committee:	Cabinet
Committee date:	09 October 2013
Head of service:	Chris Rayner, Head of property services, NPS Norwich Ltd
Report subject:	Extension of existing contract for housing gas servicing and repairs
Date assessed:	04 September 2013
Description:	This reports seeks approval to extend the current housing gas servicing and repairs contract for a further three year period

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Unknown, however there is a risk of an increase if a tender exercise is undertaken and there is the potential for considerable "added value" included if an extension is granted
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Further enhancements to systems proposed which will improve the service to residents
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The appointment of 2 apprentices through Building for Futures
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Money saving advice to tenants on reducing fuel usage

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Trial of an electric van
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>As Gasway are an SME supplier and the Councils contract is a considerable percentage of their annual turnover there is a risk to the Council that they may fail during the life of the extension.</p> <p>However this is mitigated by the fact that the Council regularly check their accounts and in the fact that the Council is not investing in the supplier and therefore the risk is one of service continuity rather than financial</p>

Recommendations from impact assessment

Positive

There is the potential for numerous positive attributes if a contract extension is agreed which include finance, ICT, economic development, health and well being and energy and climate change

Negative

There are no negative risks that need mitigation

Neutral

Issues