



# Cabinet

18 January 2024

Councillor Phil Dilks  
Cabinet Member-Housing and Planning

## Award of Contract for Space Heating, Installation and Servicing in respect of HRA Properties

### Report Author

Nick Thacker – Interim Head of Service, Housing Technical Services

 nick.thacker@southkesteven.gov.uk

### Purpose of Report

To seek approval to enter into a contract with Aaron Services for the provision of asset services and the repair, maintenance and installation of domestic heating and mechanical services, including low carbon installations to South Kesteven District Council's housing stock.

### Recommendations

#### That Cabinet:

**Approves the award to Aaron Services Ltd for the contract for a 3 year period (with the option to extend by a further 1 + 1 years) of an annual value of up to £3m for the provision of asset services and the repair, maintenance and installation of domestic heating and mechanical services, including low carbon installations to the Council's housing stock.**

<b>Decision Information</b>	
Is this a Key Decision?	Yes, this is a key Decision included on the Forward Plan.
Does the report contain any exempt or confidential information not for publication?	<b>Yes – The appended Procurement Summary Report (Due to the sensitive information it contains relating to the bidder's tender submissions)</b>
What are the relevant corporate priorities?	Housing that meets the needs of all residents Healthy and strong communities Clean and sustainable environment High performing Council
Which wards are impacted?	Grantham, Bourne, Stamford, Deepings and surrounding villages.

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

- 1.1 The 2024/25 – 2026/27 includes a combined budget proposal of £11.m for Space Heating, Installation and Servicing in respect of HRA Properties which will ensure that there is sufficient budget to fund the cost of this contract over the next 3 years.

Completed by: Alison Hall-Wright, Deputy Director (Finance & ICT) and Deputy S151 Officer

### ***Procurement***

- 1.2 It is confirmed that a fully compliant procurement process has been completed and the Council's Procurement Lead has been consulted throughout the process.

Completed by: Helen Baldwin, Procurement Lead, SKDC

### ***Legal and Governance***

- 1.3 There are no significant legal and governance implications arising from the report which are not already reflected elsewhere in the report, particularly in relation to procurement and compliance with the Council's Contract Procedure Rules.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

### ***Risk and Mitigation***

- 1.4 As part of the contract, any risk will be monitored as part of the contract management process.

Completed by: Tracey Elliott, Governance and Risk Officer

### ***Health and Safety***

- 1.5 As part of the tender documentation, a comprehensive Pre-Construction Information document was provided for all bidders to review and consider the aspects of health & safety associated within the proposed works. This is still to be completed.
- 1.6 When the contract is awarded to the successful bidder, a Construction Phase will be requested/provided by the Principle Contractor and this will detail how all the health & safety risks associated with the construction phase will be implemented to minimise the risks where possible or eliminate them.

Completed by: Phil Swinton, Emergency Planning and Health and Safety Lead

## **2. Background to the Report**

- 2.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to provide "Housing that meets the needs of all residents". As a stock-retained local authority, the Council has statutory and regulatory obligations to maintain and repair circa 5,900 properties.
- 2.2 The purpose of this report is to obtain approval to enter into a contract with Aaron Services for the provision of Asset Service, repair, maintenance and installation of domestic heating and mechanical services including low carbon installations for South Kesteven District Council's housing stock. The contract would be awarded through the EEM Framework and would be for an initial period of three years with an option to extend for an additional one plus one years.
- 2.3 The existing forms of heating within South Kesteven District Council's district-wide housing stock are of varying ages and fuel types, due to the rural nature of some of our stock and archetypes.

There is also an ongoing requirement to maintain the varying heating systems that have been installed/upgraded within our housing stock.

2.4 The route of procurement was established and SKDC has utilised the EEM (Efficiency East Midlands) Framework. EEM has the following lots available:

- Lot 1 – Domestic Heating Systems – Servicing, Maintenance, Repairs and Installation.
- Lot 2 – Commercial Heating Systems - Servicing, Maintenance, Repairs and Installation.
- Lot 3 – Renewable Heating Systems – Servicing, Maintenance, Repairs, and Installation.

2.5 It was confirmed that a single contract can be awarded to a single provider across more than one Lot, providing that an expression of interest was utilised for all suppliers on the 3 lots referenced above.

2.6 An Expression Of Interest (EOI) was run for the suppliers on the EEM Framework on the 25<sup>th</sup> of September 2023 with a deadline set of the 6<sup>th</sup> of October 2023. As a result of the EOI, the returns were evaluated by the 13<sup>th</sup> of October 2023 and this resulted in a total of three viable suppliers who were interested in this requirement.

2.7 Following the EOI, a Mini Competition via the EEM Framework; ref number EEM0026 – Heating and Hot Water Systems Framework; was run on the 21<sup>st</sup> November 2023. The timetable that was set was as follows:

	<b>Proposed Timescales</b>
<b>Invitation to Tender</b>	Tuesday 21 November 2023
<b>Clarification Deadline</b>	Friday 15 December 2023
<b>Tender Closing Date</b>	Friday 22 December 2023
<b>Tender Evaluation</b>	22 December 2023 - 4 January 2024
<b>Tender Moderation</b>	8 January 2024
<b>Tender Standstill Period</b>	10 January 2024
<b>Cabinet Approval</b>	18 January 2024
<b>Contract Award (subject to call in)</b>	29 January 2024
<b>First Contract</b>	22 February 2024
<b>Contract Start</b>	1 April 2024

2.8 Following the deadline, only one of the three suppliers placed a bid this bidder was Aaron Services.

2.9 To evaluate the tender, the evaluation criteria established was:

Evaluation Criteria	Weighting
Qualitative (non-price, technical professional ability assessment)	50%
Social Value	10%
Commercial (Price)	40%

2.10 An evaluation panel was assembled to ensure that individuals assigned to evaluate the questions were the most suitable and appropriate to the criteria being examined, based upon qualifications and experience. Each question was evaluated by at least two evaluators, and their scores and comments recorded.

2.11 Due diligence of the suppliers is carried out quarterly by EEM under the terms of the framework.

2.12 A process of moderation for each individual evaluator's scores was undertaken by the Council's Procurement Lead Officer. The responses were discussed at a moderation meeting held on 8th January 2024, attended by all evaluators and chaired by the moderator.  
The moderation meeting enabled the Panel to review the scores awarded by each evaluator and agree a score for each question. The meeting also ensured that scoring had been consistent and key points in each question had been accounted for.

2.13 The evaluation scoring process was devised based upon a maximum score of 100% being available to each bidder as stated within the tender documentation.

2.14 Following the completion of the evaluation and moderation process the scores awarded to the bid were:

Rank	Bidder	Overall Score
1	Aaron Services	82.40

Therefore it is recommended that that Aaron Services be awarded the contract for the provision of Asset Service, repair, maintenance and installation of domestic heating and mechanical services including low carbon installations for South Kesteven District Council's housing stock.

### **3. Key Considerations**

3.1 Key areas for consideration are that the existing heating systems that are in the SKDC housing stock can be improved. Modern alternatives to some existing heating systems are available and provide significant improvements for both the tenant and the environment. The improvement and maintenance of heating systems is a key aim of this contract.

### **4. Other Options Considered**

4.1 The ongoing maintenance of a number of existing systems, as opposed to replacing them, has been considered, but this can be difficult due to the availability of parts.

4.2 Additionally, consideration is being given to obtaining grant funding to check the integrity of cavities and lofts, as insulation in these key areas of property construction is unknown. A further report on this will follow in due course under Fabric First.

### **5. Reasons for the Recommendations**

5.1 The proposed contract award has followed compliant procurement processes and shall provide the Council with the appropriate contracts to aid us to deliver on our Corporate Priority to provide “Housing that meets the needs of all residents”

### **6. Background Papers**

6.1 None.

### **7. Appendices**

7.1 Procurement Summary Report