

## Notice of KEY Executive Decision

<b>Subject Heading:</b>	Extension of Electrical Services Contract
<b>Decision Maker:</b>	Neil Stubbings – Strategic Director of Place
<b>Cabinet Member:</b>	Councillor P. McGeary – Lead Member for Housing
<b>SLT Lead:</b>	Neil Stubbings – Strategic Director of Place
<b>Report Author and contact details:</b>	Mark Howard – Planned Works and Direct Delivery Manager; mark.howard@havering.gov.uk
<b>Policy context:</b>	<p>Supports the outcomes within the London Borough of Havering’s Corporate plan.</p> <p><b>Places.</b></p> <p>Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe</p>
<b>Financial summary:</b>	The anticipated cost of the contract extension for 1 year is £2,582,000 and will be funded from Housing Revenue Account codes C38690 and A29305

**Key Executive Decision**

<b>Reason decision is Key</b>	(a) Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	12 July 2023
<b>Relevant OSC:</b>	Place
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

**The subject matter of this report deals with the following Council Objectives**

**Place - A great place to live, work and enjoy    X**

***Place an X as appropriate***

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Agree to the extension of the existing Electrical Services Contract with AJS Limited for HRA Properties until August 2024 at an anticipated value of £2,582,000

### AUTHORITY UNDER WHICH DECISION IS MADE

#### 3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

#### **General powers**

(a) To take any steps necessary for proper management and administration of allocated portfolios.

#### **Financial responsibilities**

(a) To incur expenditure within the revenue and capital budgets for their allocated portfolio as approved by the Council, or as otherwise approved, subject to any variation permitted by the Council's contract and financial procedure rules.

### STATEMENT OF THE REASONS FOR THE DECISION

The Council has a statutory duty to maintain and test electrical services within communal areas and tenanted homes in properties where the Council is a landlord.

That duty is currently discharged through a contract with AJS Limited which was awarded following a competitive tender in 2018, for a period of five years.

The contract expired in April 2023. There were delays in re-procuring the service due to staff turnover. However, a new long-term contract is in the process of being procured subject to governance, but is not expected to commence until August 2024. Since April 2023, AJS have continued to provide the services to ensure that the Council is not in breach of its statutory duty.

It is therefore necessary to formalise an arrangement to continue delivery of these statutory services in the interim.

The performance of AJS has been good and the contract is considered to represent value for money.

### **Key Executive Decision**

An extension of the existing contract with AJS will provide the necessary continuity of this service to ensure the Council continues to comply with its statutory duty.

The budget for the contract extension, from April 2023 until August 2024 is £669,000 Capital works and £1,913,000 Revenue services

### **OTHER OPTIONS CONSIDERED AND REJECTED**

“Tendering this work for 1 year”

This was rejected on the ground that the procurement of a new contract is already underway, with an expected commencement date of August 2024. The existing contractor, AJS Limited, provide a good service and can provide seamless continuity

“Using existing contractor from other projects”

It was considered that delivering the above works through our repairs contractor Mears may be possible, however this was rejected as it is specialised and Mears are unable to deliver this

“Do Nothing”

Rejected on the basis that the maintenance of Electrical Services to HRA properties is a statutory duty and it is not an option to fail to deliver the service

### **PRE-DECISION CONSULTATION**

None

### **NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Mark Howard

Designation: Planned Works and Direct Delivery Manager

Signature:



Date: 12 July 2023

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

The Council is a housing authority and has power to procure and enter into the contract under s111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has power to procure contracts under the general power of competence contained in section 1 of the Localism Act 2011 which allows the Council to do anything that an individual may do subject to any statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision.

The Council is seeking to extend the contract for a period of 17 months until August 2024 to allow it time to re-procure. As the value of the contract is above the threshold for works contracts stipulated in the Public Contracts Regulations 2015 (PCR), any variation must comply with Regulation 72 PCR.

The proposed extension is on the same terms and conditions and the charges have not been increased therefore the proposed extension is in accordance with Regulation 72(1)(e) PCR. The terms of the extension do not appear to meet the test for substantial as set out in Regulation 72(8) and therefore extending the contract should not be considered substantial.

### FINANCIAL IMPLICATIONS AND RISKS

The total cost of the contract extension is expected to be £2,582,000 over a 17 month period from April 2023 to August 2024 and will be funded from the Housing Revenue Account, codes C38690 and A29305

#### Cost Avoidance

The award of this contract will help the Council to keep the stock in good order; clearly failure to keep the housing stock in serviceable condition could lead to further financial liabilities being incurred.

### HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

An extension of the existing contract will not have TUPE implications, whereas delivery of the interim provision by an alternative contractor would have.

TUPE implications are being thoroughly addressed in the ongoing procurement of the new contract commencing in 2024

## Key Executive Decision

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

As this is an extension of the existing contract and neither the provider nor the scope and manner of delivery are changing, no further Equality and Health Impact Assessment will be carried out.

### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

As this is an extension of the existing contract and neither the provider nor the scope and manner of delivery are changing, no further Equality and Health Impact Assessment will be carried out.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

There are no foreseeable environmental and climate change implications arising from the extension of this existing contract

### **BACKGROUND PAPERS**

None

### **APPENDICES**

None

Key Executive Decision

**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

*Delete as applicable*

Proposal NOT agreed because

**Details of decision maker**

Signed

Name: **Neil Stubbings**

Cabinet Portfolio held:

CMT Member title: **Strategic Director of Place**

Head of Service title

Other manager title:

Date:

**Lodging this notice**

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_