

## Members' Library Service Request Form

Date of Document	13/07/15
Originator	Gary Miller
Originator's Ref (if any)	
Document Title	Proposed New & Replacement Gas Heating Installations in Domestic Council Properties in East Lothian 2015

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Additional information:

Authorised By	Douglas Proudfoot
Designation	Head of Development
Date	16/07/15

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**REPORT TO:** Members' Library Service

**MEETING DATE:**

**BY:** Depute Chief Executive – Partnerships and  
Community Services

**SUBJECT:** Proposed New & Replacement Gas Heating Installations in  
Domestic Council Properties in East Lothian 2015

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## **1 PURPOSE**

- 1.1 That Cabinet note the decision to award the contract for the Proposed New & Replacement Gas Heating Installations in Domestic Council Properties in East Lothian to Messrs British Gas New Heating Ltd.

## **2 RECOMMENDATIONS**

- 2.1 Cabinet is asked to note the decision of the Head of Development in consultation with the Head of Council Resources to accept Messrs British Gas New Heating Ltd's tender rates and prices amounting to £4,538,930.78 after checking for the Proposed New & Replacement Gas Heating Installations in Domestic Council Properties in East Lothian 2015 over a 3 year contract period with an optional one year contract extension, and noting it is open for consideration until 6 October 2015.

## **3 BACKGROUND**

- 3.1 The Council is proposing to continue the ongoing programme of new gas fired heating installations and renewals in Council houses. The works will also include the progressive replacement of obsolete gas boilers and complete heating systems in the Council's housing stock. The new contract will replace the existing contract and will run for three years from the date of award.
- 3.2 After consultation with the Council's Corporate Procurement Department and the "not for profit" government organisation, LHS (Scotland), it was decided that a direct award of this contract to the incumbent contractor, British Gas, via the LHC (Scotland)'s Framework should be negotiated and agreed. The benefits to the Council from this procurement route are:-

1. The Council will receive a member's rebate based on LHC's operating surplus at the end of the fiscal year.
2. Reduced procurement costs.
3. Quicker procurement process.
4. Appointment of a known and trusted incumbent contractor.

Tender documents were therefore issued to British Gas New Heating Ltd via the LHC framework (Workstream 2 of WHI) project ref. 43438.

The following offer was received and was subjected to detailed checks resulting in the Tender Amount indicated below:

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking	Lowest Checked Tender Amount
1	British Gas New Heating Ltd Rutherglen	£4,538,930.78	£4,538,930.78	<u>£4,538,930.78</u>

3.3 British Gas New Heating Ltd's Tender amounting to £4,538,930.78 is based on the rates and prices that will be used to value the works carried out by them over the course of the contract. The tender sub- total amount for heating installations only (excluding contingency Dayworks sums) totals £4,537,530.78 and is 18.96% higher than British Gas Ltd's successful competitive tender for identical works submitted in April 2010. This inflationary increase is within the current BCIS reported indices for building cost increases from 2<sup>nd</sup> quarter 2010 to 2<sup>nd</sup> quarter 2015:-

- BCIS All In Tender Prices Indices – 19.72%
- BCIS Regional Tender Prices Indices for Scotland – 34.34%

British Gas Ltd's Tender has been priced fairly and reasonably

3.4 Messrs British Gas New Heating Ltd have indicated that they proposed to use the following Sub-Contractors:

- |                                |   |                                 |
|--------------------------------|---|---------------------------------|
| Builder                        | - | Terry Innes - Alloa             |
| Joiner                         | - | Total Energy Solutions, Gullane |
| Air Source Heat Pump Installer | - | Total Energy Solutions, Gullane |

- 3.5 The Contract has been prepared on a firm price and rate basis in terms of the Scottish Building Contract Design and Build for use in Scotland DB/Scot 2011 Edition incorporating Amendment 1 (March 2015), and the Contractor has undertaken to complete between 5 nr to 15 nr new or replacement heating installs per week for the 3 year duration of the contract.

#### **4 COMMUNITY BENEFITS IN PROCUREMENT (CBIP)**

- 4.1 Messrs British Gas New Heating Ltd have confirmed in their tender submission that they will work with the Council's CBIP Officer to ensure compliance with the Council's Community Benefits requirements, which may include provision of one of the following:-
- Employment of an East Lothian based apprentice for the duration of the contract.
  - Adopt an apprentice or re-employ an unemployed person.
  - Recruit a young person facing challenges who will pursue a Modern Apprenticeship.

#### **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 This report is not applicable to the well-being of equalities groups and an Equalities Impact Assessment is not required.

#### **6 POLICY IMPLICATIONS**

- 6.1 None.

#### **7 RESOURCE IMPLICATIONS**

- 7.1 Financial – The works will be measured and valued in accordance with the rates contained in the Bills of Quantities for the New and Replacement Gas Heating Installations Domestic Council Properties all in accordance with the General and Supplementary Condition of Contract and Specification all as relative to the corrected Tender dated 8 July 2015. The works will be subject to the actual amounts and types of Heating Installations instructed by the Council's Engineering Services, Housing & Environment.
- 7.2 The total expenditure for the works, as instructed, in the first year of the 3 year contract will be contained within the budget allocated for Central Heating (£900,000.00) in the Council's Approved Housing Capital Investment Plan for 2015/2016 and has been approved by the Head of Corporate Resources.

7.3 Personnel – None.

7.4 Other – None.

## **8 BACKGROUND PAPERS**

8.1 None.

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