

	Decision of Leader of the Council & Cabinet Member for Housing, Regeneration, Planning & Growth
	Report from the Corporate Director, Partnerships, Housing and Resident Services
Authority To Vary and Extend Existing Mechanical and Electrical Contracts	

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 1 exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”
No. of Appendices:	One Appendix 1 (exempt) Contract Extension Cost
Background Papers¹:	None
Contact Officer(s): (Name, Title, Contact Details)	Name: Ryan Collymore Job Title: Head of Housing Property Services Email: ryan.collymore@brent.gov.uk

1.0 Purpose of the Report

1.1 This report concerns the extension of the Mechanical and Electrical (“M&E”) contracts referred to in paragraph 3.1 of this Report. The M&E contracts have previously been extended using Officer delegated powers and individual Cabinet Member approval. This report requests the approval of the Leader of the Council & Cabinet Member for Housing, Regeneration, Planning & Growth to permit the further variation and extension of the M&E contracts in accordance with paragraph 13 of Part 3 of the Constitution.

2.0 Recommendation(s)

That the Leader of the Council & Cabinet Member for Housing, Regeneration, Planning & Growth:

- 2.1 Approves the variation of the Mechanical and Electrical contracts referred to in paragraph 3.3 below to enable a further extension of up to nine months to such contracts in accordance with paragraph 13 of Part 3 of the Constitution.
- 2.2 Approves the extension of the contracts referred to in paragraph 3.3 below for a period of nine months in accordance with paragraph 13 of Part 3 of the Constitution.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

- 3.1 The Borough Plan includes two priorities specific to Housing, that are:
 - Strategic Priority 1 – Prosperity and Stability in Brent
 - Strategic Priority 2 – A Cleaner, Greener Future
- 3.2 These two priorities re-affirm the Council’s ambition to maintain and improve the quality of housing across the Council’s own housing stock. Ensuring the continued delivery of M&E services as provided for in the M& E contracts is intrinsic to such priorities.

Background

- 3.3 The Council entered into various long-term M&E contracts for M&E Services. Details of the M&E contracts subject to the proposed variations and extensions are set out in the table below:

Contractor	Service	Contract Start Date	Previous Extensions	Contract Expiry Date	Extension Terms
Thyssenkrupp	Lift Maintenance	30 July 2012	5 year/1 year/ 8 months/9 months	31 March 2024	5 + 5
Equans	Communal Electrical and electrical safety	1 April 2013	5 years/1 year/9 months	31 March 2024	5 + 5
Jaylec	Communal Electrical	1 April 2013	5 years/1 year/9 months	31 March 2024	5 + 5

Openview	Door Entry and CCTV	29 May 2013	5 years/1 year/9 months	31 March 2024	5 + 5
Oakray	Domestic and Communal Gas	1 April 2013	5 years/1 year/9 months	31 March 2024	5 + 5
Ductclean	Asbestos Removal	03/04/2017	Extensions on a rolling basis/9 months	2 nd April 2024	4 + 2
Socotech	Asbestos Consultancy	03/04/2017	Extensions on a rolling basis/9 months	2 nd April 2024	4 + 2

- 3.4 All of the above contracts have already been extended for the maximum permitted extension term in accordance with their respective terms and conditions. In accordance with their delegated powers under paragraph 9.5 of Part 3 of the Council's constitution, the relevant Chief Officer approved further extensions to the contracts for a maximum term of 1 year until 31 March 2024. In accordance with Paragraph 13, Part 3 of the Council's constitution, the Lead Member for Housing, Homelessness and Renters Security, having consulted with the Leader agreed a further 9 month extension. Due to issues relating to resources, the procurement processes for the new contracts could not be completed within the 9-month period.
- 3.5 The report to Cabinet on 13th March 2023 titled: Procurement of Mechanical and Electrical Services Works Contracts for Council Housing provided the background information regarding the re-procurement of the M&E services. Given that procurement of replacement contracts remains outstanding, Officers consider that the existing Contracts should be varied and extended for a further period of up to 9 months to enable the conclusion of the procurement of new contracts.
- 3.6 Officers have determined that extending the Contracts by up to 9 months will be cost-effective for the Council (as opposed to procuring a short-term contract whilst arrangements are made to procure a longer-term contract) and is reasonable in all the circumstances.
- 3.7 These contracts provide important services linked to health and safety compliance and also services delivered to vulnerable residents. It is imperative to maintain an uninterrupted service for all residents, but the health and wellbeing of vulnerable residents is of the utmost importance. The Council does not have any viable alternatives to cover short term contracts of the above nature, to be in place prior to the current Contract expiry dates. The existing contractors are familiar with the Council's stock and continue to provide

excellent services, as they have done so throughout the term of the M&E contracts.

- 3.8 The Contracts do not currently contain provision enabling the proposed extensions for the reasons specified in paragraph 3.1 above and therefore Officers seek authority to first vary the Contracts to allow for their further extensions and also authority for the extensions of the Contracts by 9 months to be approved.
- 3.9 The contractors have signalled their agreement for the various M&E contracts to be varied and extended. The M&E contracts are subject to uplifts in line with the contractual terms.
- 3.10 The Council does not have the technical expertise to provide the services in-house. The Council considered options to procure short-term contracts whilst arrangements were made to procure longer term contracts but concluded that it may not be feasible to let contracts of such a nature on a short-term basis and in any event, extending the contracts would be a more cost-effective approach whilst longer term procurement options are explored.
- 3.11 Leader of the Council & Cabinet Member for Housing, Regeneration, Planning & Growth has delegated powers to agree the proposed variation and extension of the Contract.

4.0 Financial Considerations

- 4.1 The proposed contract extensions in this report does not change costing structure between the Council and Wates, therefore the extension will not directly result in additional budget requirement to fund housing repairs programme. Estimated total value of contract extension is £4.33m and will be funded within existing approved budgets for repairs and maintenance from Housing Revenue Account (HRA).
- 4.2 High levels of uncertainty around cost inflation and interest rates pose a financial risk to the HRA. This has an impact on the cost of materials for repairs and affordable labour market, as well as potential need to borrow, in order to fund major refurbishments to tower blocks, therefore posing further challenges to financial affordability in the HRA. Inflation on existing repairs budgets between 5% to 10% could result in additional budgetary requirements ranging between £1.7m to £3.4m. Cost increases associated with repairs and maintenance will require funding through a combination of inflation on rental income, cost recovery through service charges and efficiency savings to avoid budget deficits. In addition, with the recent Government changes and increase to National Insurance contribution, indexation may apply to the contract extension and hence pose a financial risk.

5.0 Legal Considerations

- 5.1 In accordance with paragraph 13 of Part 3 of Brent’s Constitution, the Leader has delegated certain functions to Cabinet members to be exercised within their portfolio area in consultation with the Leader. This delegation includes the authority to agree variations and extensions where these are excluded from Officer delegated powers because the extension goes beyond the period of extension provided for in the contract and the contract has a life of more than one year (including any possible extension provided for in the contract) and the extension exceeds a period of one year.
- 5.2 In reaching any decision to approve the proposed variation the Leader of the Council & Cabinet Member for Housing, Regeneration, Planning & Growth should have regard to the reasons Officers have set out in Section 3 of the report.
- 5.3 The values of the original contracts are such that it is subject to full application of the Public Contract Regulation 2015 (PCR 2015). The recommendation is to agree a variation and extend the Contract for the reasons detailed in Section 3.

6.0 Equity, Diversity & Inclusion (EDI) Considerations

- 6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 6.4 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

7.0 Consultation with Ward Members and Stakeholders

7.1 The Leader and Cabinet Member for Housing, Regeneration, Growth & Planning has been consulted in regard to this report.

8.0 Climate Change and Environmental Considerations

8.1 The extension of contracts and subsequent procurement of M&E contracts will help the Council's environmental objectives and climate emergency strategy. Helping ensure all mechanical and electrical equipment is running efficiently.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 The variation and extension of existing M&E contracts does not have any human resource implications for the council.

9.2 The variation and extension of existing M&E contracts will assist the Council in maintaining its housing stock in a safe and habitable condition.

10.0 Communication Considerations

10.1 There are not direct communication considerations arising from the variation and extension of M&E contracts.

Related documents:

Cabinet Report dated 13 March 2023 for the Procurement of Mechanical and Electrical Services Works Contracts for Council Housing

Individual Cabinet Member Report dated 11th March 2024 Authority to Vary and Extend Existing Mechanical and Electrical Contract

Report sign off:

PETER GADSDON

Corporate Director, Partnerships, Housing and Resident Services