

Sandwell Metropolitan Borough Council

Action Taken Under Delegated Powers

Provision of Annual Gas Safety Checks

1 Summary Statement

- 1.1 At its meeting on 27th June 2018 Cabinet approved the award of the contract to Liberty Gas Group, Vinshire Plumbing and Heating Limited and Phoenix Gas Servicing Limited for a contract period of 3 years from 1st August 2018 to 31st July 2021.
- 1.2 Liberty Gas Group (LGG) were awarded Area 1 – Tipton and Wednesbury. However, through the duration of the contract to date performance has been well below the contracted level. Working closely with LGG, Council officers have developed an improvement plan however this has been unsuccessful.
- 1.3 LGG approached the Council seeking to end their involvement in the Contract and have prepared a deed of variation. This in turn has been seen by our Legal Services Team and we are jointly working towards cessation of their works on 29th March 2019.
- 1.4 This presents several operational issues in protecting the Council by adhering to the Gas Safety (Installation and Use) Regulations 1998. These regulations contain a statutory duty for all Landlords to carry out an annual safety check of all gas appliances and flues in each property containing a gas appliance. Following the cessation of works by LGG there is still a requirement for the Council to carry out such checks in the Tipton and Wednesbury areas. A variation to the existing contract with the other two providers is being drafted to a maximum of £90k each.
- 1.5 During this period a further procurement exercise will be undertaken to seek a replacement for LGG in Area 1 for the remaining period of the contract which will be approximately two years. This contract will be to the value of approximately £900k.
- 1.6 The contract for £4.1m, (£1.37m per annum) over three years, is split between the three contractors, and is included within approved Housing Revenue Account budgets.

2 Recommendation

- 2.1 That the Director of Housing and Communities provides approval to issue a variation to the contract to not exceed £90k each for delivering Annual Gas Safety checks in Area 1 – Tipton and Wednesbury to Vinshire Plumbing and Heating Limited and Phoenix Gas Servicing Limited.

In accordance with the authority delegated to Chief Officers to act on matters within the authority delegated to them under Part 3 of the Council's Constitution, I intend to take the action(s) recommended above.

I ~~do~~/do not have an interest to declare in this matter


Director of Housing and Communities – Alan Caddick

Date

20/3/19

In accordance with the authority delegated to Chief Officers to act on matters within the authority delegated to them under Part 3 of the Council's Constitution, I intend to take the action(s) recommended above.

I ~~do~~/do not have an interest to declare in this matter


Executive Director of Resources – Darren Carter

Date

29.3.19

Contact Officer

Steve Greenhouse

Service Manager – Asset Management and Maintenance

0121 569 6441

3. Background Details

- 3.1 The Council, as a Landlord, has a statutory duty under the Gas Safety (Installation and Use) Regulations 1998 to carry out an annual safety check of all gas appliances and flues in each property containing a gas appliance.
- 3.2 On 27th June 2018 Cabinet approved the award of the contract to deliver these services to Liberty Gas Group, Vinshire Plumbing and Heating Limited and Phoenix Gas Servicing Limited for a contract period of 3 years from 1st August 2018 to 31st July 2021.
- 3.3 From the commencement of the contract LGG have failed to provide sufficient resources and to manage the contract to a sufficient standard to meet the performance criteria set out in the contract. Due to the lack of improvement in service delivery the Council's Gas Services management team have met with LGG on a weekly basis. These meetings have been structured around an improvement plan, whilst providing the necessary support for LGG to understand what is expected of them, and how to achieve it.
- 3.3 To date this has failed to produce the necessary improvement in key areas such as quality of work. Over the last two months the Council has reduced the volume of work issued to LGG to enable them to catch up and have time to suitably manage their workforce, however LGG have still failed on all aspects of the contract including performance, quality and administration of all works.
- 3.4 LGG have sought to end their involvement in the Contract with a Deed of Variation received by e-mail on 4th March 2019 from the financial director to conclude all works under the Contract on 29th March 2019.
- 3.5 Following Legal advice, a variation to the contract can be issued to the remaining two contractors Vinshire Plumbing and Heating Limited and Phoenix Gas Servicing Limited, for a limited time and value, as long as the additional works do not exceed £90k per contractor to remain compliant with the Public Contracts Regulations 2015.
- 3.6 Having the incumbent contractors to deliver in the Council's Landlord responsibilities regarding Annual Gas Safety checks will allow time to procure an additional contract to replace LGG through the remaining contract period of approximately 2 years.

Source Documents

- i. Minute Number 95/18 – Cabinet 27th June 2018

From: Simon Parry
Sent: 26 March 2019 15:48
To: Traci Kelly <traci_kelly@sandwell.gov.uk>
Cc: Neil Edmunds <neil_edmunds@sandwell.gov.uk>; Steve Greenhouse <steve_greenhouse@sandwell.gov.uk>
Subject: RE: Provision of Annual Gas Safety Checks report.pdf

Traci

Once we have the approval signed we will review the previously used tender documents in order to ensure it procures one contractor for Area 1 (the two towns of Tipton & Wednesbury). I therefore anticipate

Review Documents wc 1st April
Place documents on In-Tend wc 15th April
Tender Period One month
Tender Evaluations wc 16th May
Cabinet 26th June
Mobilisation July
Commence work in August or September dependant on mobilisation

The two contractors will therefore be 'filling in' for April- August/September. We are seeking to issue gas servicing of properties up to a value of £90k per contractor.

The new contract will therefore run From August/September 2019 to August 2021, roughly two years.

Regards

Simon Parry
Business Manager – Contract Procurement and Improvement Programmes
Asset Management and Maintenance
Housing and Communities
Neighbourhood Services
Sandwell Council
Direct 2 Industrial Estate, Roway Lane, Oldbury, West Midlands, B69 3ES
Tel: 0121 569 2949
Mob: 07930302457



