

Item No.	Classification: Open	Date: 10 January 2023	Meeting Name: Cabinet Member for Council Homes and Homelessness
Report title:		Gateway 0 - Strategic Options Assessment for Service provision for domestic heating and water to the council's housing portfolio	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION

1. The Cabinet Member for Council Homes and Homelessness approves this Strategic Options Assessment for the delivery of domestic heating and water services for Southwark Council housing portfolio and notes the next steps set out in this report.

BACKGROUND INFORMATION

2. Currently the council's housing and modernisation department provide heating and water services to more than 40,000 properties. Individual gas boilers account for 23,376 properties with a further 17,084 receiving services from district heating systems. More than 86,000 responsive repairs and 23,376 gas safety checks are completed each year to maintain these services, with nearly 1,800 new individual boilers being renewed annually along with refurbishments of existing district heating stock accounts for over £ over £23m being spent per annum. This size and scale is the largest in London and one of the largest in the country.
3. On the 15 September 2015 Cabinet approved two Heating and Water Contracts – Contract A north of the borough to OCO Ltd. and Contract B south of the borough to Smith and Byford Ltd., for an initial period of five years commencing on the 1 April 2016, with the option to extend for a further five years.
4. On 20 October 2020 Cabinet approved a Gateway 3 to extend both Contract A and B for a further three years with a revised completion date of 31 March 2024.
5. The existing contracts provide both individual and district heating, cold water services on a geographical split (north and south) of the borough;
 - a. Contract A – North - Walworth, Borough and Bankside, Bermondsey, Rotherhithe

- b. Contract B – South - Camberwell, Peckham, Nunhead and Peckham Rye, Dulwich
6. The scope of services contained within the existing contracts are;
- a. gas landlord’s safety inspections;
 - b. responsive repairs, installations and maintenance for gas and heating installations to individual and district heated properties;
 - c. potable water testing, treatment and installations;
 - d. responsive repairs and maintenance for laundry and sewage plant;
 - e. testing and maintenance of dry/ wet riser installations;
 - f. maintenance of building energy management systems; and
 - g. emergency response that covers a 24/7, 52 weeks a year period.

KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

7. The council has a legal obligation as a social landlord to inspect and maintain gas, heating, and potable water installations and ensure that they are safe.
8. In April 2019, the council reinforced its commitment to combatting carbon emissions and rising global temperatures, by joining the international Climate Change Campaign and declaring a Climate Change Emergency. The council has a commitment to work towards carbon zero by 2030.
9. In July 2021 the council published “Tackling the Climate Emergency Together” which set out the challenges and actions that need to be taken for the council to achieve carbon zero by 2030. The new services detailed in this report will make a significant contribution towards that goal.
10. The new individual heating and water services will need to be structured to include and deliver;
- a. maintenance of existing fossil fuelled systems (gas) to meet statutory requirements during the transitional period to new technologies;
 - b. responsive repairs and planned preventative maintenance (PPM) to individual systems;
 - c. installation of individual air and ground source heat pumps;
 - d. ability to have competent maintenance for new technologies as they come on line;
 - e. provide social value opportunities to the council’s residents, creating green jobs and incorporate Southwark Stands Together (SST) and Fairer Future Procurement Framework (FFPF) recommendations;
 - f. detailed and measurable climate action plans in place for potential providers and the supply chain to be working towards carbon zero and aligned to the council’s climate strategy;
 - g. ideally opportunities for SME and local businesses;

- h. detailed firm social value commitments to provide training for council operatives and officers on new technologies so that future in-house delivery can be assessed;
 - i. ease of access to the service; and
 - j. backup arrangements to ensure business continuity.
11. The table below details the future council housing scope of services to be included within this report;

Item	Work stream	Existing Service	New Service
1	Gas safety landlords inspections	Yes	
2	Responsive repairs, installations and maintenance for individual domestic gas installations	Yes	
3	PPM maintenance and responsive repairs for new renewable technology individual domestic systems		Yes

12. The current housing budgets per annum for individual heating systems are detailed below;

(i)	Revenue	£4.02m
(ii)	Capital	<u>£4.00m</u>
	Total	£8.02m

On the 14 September 2021 cabinet approved the Heat Network Strategy and committed £350m of capital investment across the borough which is in addition to the annual sums detailed in paragraph 12 above.

13. Current performance of the existing contractors is broadly satisfactory however the size and scale of the existing contracts does create capacity issues if one of the contractors is not performing in a certain work stream E.G. district heating repairs.
14. The current issues with the existing contracts are;
- a. both contracts act as back up to each other and on occasions where one contractor does not perform in a certain work stream this can lead to the backup contractor being overwhelmed due to the high demand for these services, especially within the winter months;
 - b. limited capacity and scope to deal with large capital investment projects;
 - c. new technologies are not incorporated within the contracts; and
 - d. social value themes, outcomes and measures are not fully captured however these contracts have delivered on apprenticeships and work experiences.

Strategic service delivery options and assessment

In-Source

15. Council officers have reviewed and considered an in-house delivery model based on;
 - a. delivering statutory compliance gas checks, responsive repairs and planned maintenance to individual domestic gas appliances to tenant properties only; and
 - b. options to deliver the services in geographic areas such as north/ south or borough wide.

16. Council officers have prepared a detailed in-house cost model based on the following assumptions;
 - a. current new terms and conditions introduced for the council's traded services and Southwark Repairs (formerly Southwark Building Services (SBS) would be applicable for gas engineers, plumbers and electricians;
 - b. assumed an average day sickness that is currently being experienced at Southwark Repairs;
 - c. vehicle and plant costs based on a six year service level agreement (SLA) agreement;
 - d. assumed that gas servicing engineers will complete six responsive maintenance/ servicing jobs a day;
 - e. assumed overheads and indirect overheads are 22% combined, based on similar activity across SBS. Although the council's total spend on overheads should not increase, a greater proportion of the cost will be charged to the HRA (and so there will be a respective decrease in the cost of overheads to the council's General Fund).

17. The summary of the in-house cost model was found to be a fair estimated representation. The summary is detailed in Appendix 1.

18. The estimated annual cost (as at 2022-23 price base) for an in-house model is detailed in the table below;

SLA Geographical Area		Estimated Annual Cost of Delivery	
North		£ 6,718,878*	
South		£ 5,928,329*	
Borough wide		£13,041,600**	
One off costs in addition to estimated annual costs			
	North	South	Borough wide
Mobilisation, project management,	£761,945	£761,945	£1,251,445

TUPE, legal, office and IT equipment			
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* includes revenue budget and capital budget for individual heating replacements.

** includes some spare capacity as no back up arrangement in place.

19. The main pressures within an in-house business model are;
- labour costs and output as detailed in paragraph 20 to 26 below;
 - material costs; and
 - initial mobilisation and one off set up costs.

The main variances in costs between an in-house model (as at 2022-23 price base) and an external procurement (as at 2022-23 forecast cost) are detailed in the table below:

Type	Difference in Delivery Model (external procurement versus <u>borough wide</u>)	Estimated additional financial premium (m)
Operatives	It is assumed that operatives will complete six jobs a day. This is compared to external contractors which will complete eleven to fourteen a day. Therefore external contractors will only need 36 operatives, which have multi-trade skills in both gas and electrical, whereas in house delivery model requires fifty six leading too much higher operative costs.	£1.8m
Staff & management	Less operatives results in less managers. In addition external contractors operate with a flatter structure.	£0.3m
Plant and vehicles	Less operatives and managerial staff reduce vehicle and plant costs.	£0.3m
Direct & indirect overheads + profit	Overhead costs are smaller due to economies of scale for the large contractors. Overheads used for the in house delivery model are based on the % overheads charged to Southwark Repairs	£1.1m
		£3.5m

20. The current new terms and conditions are not linked to a productivity output and an assumption of six completed repair jobs a day has been included. Compared with existing incumbents which complete 11 to 14 per day. Currently plumbers and electricians within Southwark Repairs are completing just over two jobs per day.
21. The assumption of six jobs completed each day for the in-house model also means that there would be more operatives required leading to an increase in;

- a. additional vehicles;
 - b. additional plant;
 - c. increase in supervisory staff;
 - d. increase in tools, compliance equipment and personnel protective equipment such as flue gas analysers.
22. Installation labour costs have allowed for two operatives for two days where incumbents deliver this on a price basis which has achieved higher productivity levels.
23. The impact of the new pay scheme means that it would require more operatives and plant to complete the installations.
24. Due to the estimated cost of in-house delivery this option is not recommended at the current time.
25. A micro in-house team was considered to deliver repairs to hot water systems but has been precluded due to;
- a. impact on potential price per property cost model for individual properties;
 - b. delay in right first time due to miss diagnosed repairs and incorrect assignment of job orders; and
 - c. the risk associated with contract delivery.

External Procurement

26. The table below details options considered as part of the council’s review of the potential new individual heating and water services;

Option	Contract(s)	Work streams	Positives (+) / negatives (-)
A	North & South (two individual domestic heating maintenance contracts (with ability to deliver individual air & heat source pump installations))	Gas landlord inspections, maintenance, individual boiler replacements, individual air and ground source maintenance and installation	+ Contract management and ease of identifying contractor + Procurement resources less intensive. + Contract packages can be structured to give maximum opportunity to SMEs and specialists. + Backup arrangements as now contracts are separate for individual heating + Attractive to the market providing good opportunities and

	(two contracts in total)		<p>ability to develop long term investment programmes for individually heated properties.</p> <p>+ Ability to incorporate design services within the contracts.</p> <p>+ Provide training and experience for council in-house operatives and officers on new technologies</p> <p>- Specialists in new technologies maybe excluded due solely concentrating on renewables rather than individual domestic heating but can form part of the contract supply chain</p>
B	<p>Borough wide Contract (one individual domestic heating maintenance contract (with ability to deliver individual air & heat source pumps))</p> <p>(One contract in total)</p>	<p>Gas landlord inspections, maintenance, individual boiler replacements, individual air and ground source maintenance and installation</p>	<p>+ Contract packaged will give opportunity to SMEs and specialists incorporated in the supply chain.</p> <p>+ Attractive to the market providing good opportunities and ability to develop long term investment programmes.</p> <p>+ Ability to incorporate design services within the contracts.</p> <p>+ Provide training and experience for council in-house operatives and officers on new technologies...</p> <p>+ Access to external frameworks giving a broad range of providers.</p> <p>- No backup arrangement and therefore risk to service</p>

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27. The council also has the following external procurement route options
- a. Bespoke tender – this has the advantage of allowing the council to capture its exact requirements such as scope of services, contract durations, and number of contracts, social value and award criteria. However it is resource intensive for council officers especially the technical teams during winter periods.
 - b. External framework – there are a number of Public Contract Regulation compliant frameworks that incorporate Lots that cover the services detailed in paragraph 12 such as South East Consortium (SEC), Fusion 21 and Crown Commercial Services (CCS). These could be accessed to call off contracts after mini competitions have been undertaken. However, the disadvantages are;
 - i. It is typically tendered on a very generic specification and therefore does not address all the service demands required by the council;
 - ii. There is usually an additional cost/charge incurred by the council in order to access the framework and manage the mini competitions;
 - iii. The frameworks are usually won by similar suppliers which limit competition and reduce opportunities to local SME's.
 - iv. Not all experienced providers in these services are on frameworks so this may limit the amount of bids and not achieve best value.
28. There will be a number of separate procurements to cover district heating works which do not form part of this report. Asset management are considering a number of medium/ long term works contracts in addition to accessing specialised external frameworks. The procurement strategy for these works contracts will set out how many a single contractor can win to ensure that the council has a number of contractors to provide capacity rather than relying on two contractors. The works that will delivered are detailed below;
- a. district heating capital projects;
 - b. district heating refurbishment contracts which will also include, servicing and PPM; and
 - c. water treatment and booster sets. (move to lower down in report)

Market considerations

29. Currently there are significant numbers of large, medium and small suppliers which can provide the work streams. The new work streams for renewable technologies will require contractors and/ or its supply chain to have gained specific accreditations in that field such as Microgeneration Scheme Certification (MCS) and have been approved by manufacturers to work on their equipment.
30. Service durations should allow for;

- a. enabling the council business objectives and programmes to be delivered;
 - b. provide a duration that is attractive to the market so it can invest in delivery and have visibility of the councils forward plans;
 - c. allows time for the council to develop, and potentially grow, its own team with work experience and training in renewable technologies should this be a viable sustainable option;
 - d. ability to be flexible and extend when good performance is achieved but also allow the option to re-procure when it is not;
 - e. delivering fairer future commitments (such as local employment, apprenticeships and greener jobs); and
 - f. consideration on resources and timescales to procure contracts (estimated at two years).
31. As a minimum the initial term of any potential contract / SLA should be five years and then incorporate extension requirements at the sole discretion of the council.
32. Contracts/ SLA should also include non-exclusivity clauses to enable the council to explore other routes should these materialise through the life of the contract/ SLA.

Shared Service Delivery

33. The council has over 23,000 individually domestic heated properties which can provide significant capacity challenges when consideration is given to sharing the service with other local boroughs.
34. Other local boroughs have the following contracts in place but are not open for the council to use.
- a. Lambeth operate a similar north and south to the council but have two individual domestic heating contracts, provided by two contractors.
 - b. Lewisham homes has two contracts for individual domestic heating.
 - c. Royal Borough of Greenwich deliver individual gas servicing and maintenance through its in house provider.
35. Many local boroughs are at the early stages of reviewing renewable technologies and where specific projects are identified use external frameworks such as SEC, CCS and Fusion 21.
36. Due to the value and size of Southwark Council's requirements it would not be viable to combine services with other organisations as this would add difficulties in contract management.

37. No costs can be calculated for a shared option with other organisations and this option has been precluded.

Voluntary sector/not for profit

38. There is no known not for profit sector providing heating and water services although any external procurement route will allow not for profit suppliers to tender alongside commercial suppliers.

Decommissioning Services

39. The council could discontinue the services but as it has a statutory obligation to provide these services this would not be considered.

Policy Framework Implications

40. The London Plan, which is a development strategy for London, committed to meet 25% of London’s energy requirements through the use of decentralised energy (renewables) by 2025.
41. The councils “Tackling the Climate Emergency Together Report” will be imbedded within the new service delivery.
42. Future service delivery will incorporate the council’s objectives, support the Council Plan and Fairer Future Commitments, specifically:
- A thriving and inclusive economy;
 - A healthy environment;
 - Quality affordable homes; and
 - Supporting families.

Recommended Strategic Delivery Option

43. Based upon the information and details outlined in this report, the recommended strategic delivery option is for two contracts as detailed in paragraph 17.A and future investigation and details of the approach to delivery of this service will be undertaken to progress that option.

Identified risks for the service and recommended strategic option

44. The table below details the risks for the service and strategic option;

No	Risk	Risk Rating	Description and Mitigation
1	Delays to procurement programme Procurement programme is	Low	Existing contracts have an extension option to March 2026. The programme will be planned to ensure that the appropriate resources are deployed to meet target

	delayed resulting in a period where contracted services are not available.		<p>dates to obtain timely decisions so that the tender can be published on Contracts Finder and Find A Tender Service</p> <p>Robust tender documents will be developed to reduce the likelihood of subsequent revisions and clarifications that cause delays.</p> <p>The evaluation of tenders will be properly resourced and executed, and completed on time.</p>
2	<p>Insufficiently robust specification</p> <p>Poor specification results in contracted services not being fit-for-purpose to meet the council's requirements.</p>	Medium	<p>Effective stakeholder engagement to identify needs and the analysis of services and their value to define the scope and specification of services.</p> <p>The project manager will hold workshops with internal stakeholders to ensure that all requirements are identified. This will also include renewable technology manufacturers to ensure latest equipment is included within the specification.</p> <p>Provision within the contract documentation will allow for bringing on line new renewable technologies to ensure best value</p>
3	<p>Poor Response</p> <p>A poor response resulting in few suppliers presenting submissions undermines the procurement and limits the council's choice of suppliers.</p>	Low	<p>A Prior Information Notice (PIN) will be published to alert the market to the impending publication of the Find A Tender notice.</p> <p>The size and scale of the council's requirements for this service as the largest in London mean that, provided it is appropriately structured, it will be of interest to the market.</p>
4	Inflation	Medium	The price model targets contractors to price appropriately as opposed to a race to the bottom i.e. cheapest price. The contract terms will include Building Maintenance Indices and individual exceptional cases will be reviewed on their own merit.
5	Covid -19 pandemic		<p>Allow longer time periods for tenderers to submit bids.</p> <p>Offer virtual information day if under lockdown restrictions.</p>

Key/Non Key decisions

45. This is a key decision.

Next Steps

46. A gateway 1 procurement strategy will be prepared and presented to cabinet in January 2023.

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	05/04/2022
DCRB Review Gateway 0	31/10/2022
CCRB Review Gateway 0	10/11/2022
Briefing relevant Cabinet member	16/11/2022
Notification of forthcoming decision - IDM	22/12/2022
Approval of Gateway 0: Strategic Options Assessment	12/01/2023
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	26/01/2023
Current contract end date	31/03/2024

Community, equalities (including socio-economic) and health impacts

Community impact statement

47. More than 23,000 properties rely on the council's individual heating systems for their everyday heating and hot water needs.
48. Those living in properties may experience some inconvenience and disruption when responsive repairs and servicing is carried out. Investment projects which could involve refurbishment or new installations will require good resident consultation in order to plan the works to keep disruption to a minimum.
49. Investing strategically in the council's domestic heating assets will provide a better standard of heating for residents and contribute to improved general health and well-being. Due consideration will be given to residents with specific needs both during works and after completion.

Equalities (including socio-economic) impact statement

50. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
51. As set out under the Equality Act 2010 and the Public Sector Equality Duty (PSED) an equalities impact assessment has been carried out in July 2022. Overall, the strategy if implemented should reduce inequality and have a positive impact on groups which are protected under the Act.
52. Affordability and low carbon technology installations may create challenging issues for the council. Refurbishment and investment decisions should carefully weigh all factors. Maximising the use of available grants for low carbon technology and lobbying government to extend these, will help to minimise costs to the council and its residents.

Health impact statement

53. These services will provide a positive impact on health inequalities as tenants will have access to services that provide heating and water to ensure thermal comfort.
54. Maintenance, refurbishment and replacement of existing services is essential to ensure safety and work towards improving the thermal efficiency of systems and homes. The services will need to work in conjunction with building fabric improvement to ensure properties heating energy needs are reduced.
55. These services will assist with the heat network strategy and be instrumental in delivering renewable technologies to reduce the reliance on fossil fuel heating which will reduce pollution and carbon dioxide emissions in the local environment.
56. Without these services residents will face increasing issues with system reliability. Vulnerable residents will be particularly disadvantaged by ineffective heat supply. It is well known that cold indoor temperatures can lead to respiratory problems in particular as well as other illnesses. People with certain disabilities, the elderly and the very young are particularly vulnerable to such issues. And economically disadvantaged households often have less resources available to them to deal with the impacts of unreliable heating.

Climate change implications

57. The government estimates that residential buildings account for 27% of a borough's carbon emissions. The council's direct emissions account for 12% of the borough's emissions and council housing is the second largest contributor to carbon emissions at 14%.

58. The new scopes of services and specifications will consider how the council can ensure climate change and the green agenda is imbedded in both working practices and delivery outcomes of individual projects which in turn can be monitored and measured throughout the life cycle of the new services.
59. The proposed delivery option will have a positive impact on the climate as works and services will provide improved efficiencies and the introduction of low carbon technologies. Carbon savings of each project will be assessed on a case by case basis when the designs and scopes have been approved.

Social Value considerations

60. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below:

Economic considerations

61. Economic considerations will be reported in the Gateway (GW) 1 report.

Social considerations

62. Social considerations will be reported in the GW1 report and include those elements such as apprenticeship opportunities that are to be sought.

Environmental/Sustainability considerations

63. Specifications will include for the latest low carbon technologies and allow for incorporation of new ones as these come on line.
64. New low carbon technologies will require a holistic approach to improving the thermal efficiency of the council's housing properties by considering and introducing greater thermal efficiency. This approach will require detailed feasibilities for individual projects to coordinate with the council's asset management strategy.

Plans for the monitoring and management of project

65. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System. Regular contract monitoring would continue to be in place covering the delivery of any contract/s.

Resource implications

66. Resource implications will be built into the GW1 report.

TUPE/Pensions implications

67. The existing incumbent contracts have a dedicated group of employees delivering the existing services as detailed in paragraph 12.

68. Whichever, of the various service delivery options set out in this report is chosen will have a bearing on the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). A change in the provider of the existing services is likely to amount to a Service Provision Change under the TUPE, though whether or not TUPE will apply will depend on the option pursued and the circumstances at the time of the change in service provision. TUPE will be considered further at the Gateway 1 stage.

Financial implications

69. The current budgets for individually heated properties are;

Contract	Revenue	Capital	Total
Individual heating North	£1,661,690	£2,000,000	£3,661,690
Individual heating South	£2,359,792	£2,000,000	£4,359,792
Totals	£4,021,482	£4,000,000	£8,021,482

70. Estimated annual contract costs excluding VAT:

Contract	Cost excluding VAT Revenue
Individual heating North	£ 4,382,656
Individual heating South	£ 5,316,428
Total Cost	£ 9,699,084

71. The above figures include the following assumptions on existing budgets;

- £2,160,000 capital for each contract area per annum (which allows 8% increase on the existing £2m capital budget for each contract (a total of £4,320,000 per annum).
- 12% inflation rise on 2021/2022 outturn which had an overspend of £781,271 against existing budgets. This allows 8% for 2022/2023 and an estimated 4% for 2023/2024.

Investment implications

72. Capital projects delivered through the proposed contracts will be funded through the Quality Home Improvement Plan (QHIP) and heat network programmes.

Legal implications

73. Please see concurrent from the Director of Law and Governance.

Consultation

74. Consultation considerations will be reported in the GW1 report.

Other implications or issues

75. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 22/118)

76. The Strategic Director of Finance and Governance notes the options considered for delivery of domestic heating and water services for Southwark Council housing portfolio. Due to the imposition of the 7% rent cap for 2023-24 and the adverse impact it has on the rental stream combined with the current high levels of inflation, HRA resources will decrease in real terms in 2023-24. If housing rents do not increase in line with inflation in the following financial years, there will be increasing financial pressure on HRA budgets, which are not sustainable. It is noted that the option recommended in this report will inevitably necessitate an additional budget commitment in 2024-25 to cover the expected inflationary impact (based on the 12% indicative uplift currently assumed), over the existing budget. However, the option to bring service delivery in house at this scale is currently unaffordable given the indicative business model outlined in the report which is around £5m more than budget, excluding one-off set-up costs of £1.25m.

Head of Procurement

77. This report seeks approval from the Cabinet Member for Council Homes and Homelessness approves this Strategic Options Assessment for the delivery of domestic heating and water services for Southwark Council housing portfolio.
78. The Cabinet Member for Council Homes and Homelessness notes the procurement options are detailed in paragraphs 16 to 45, the risks are detailed in paragraph 46, the impact on equalities, health and climate change are detailed in paragraphs 52 to 61, social value is detailed in paragraph 64, management and monitoring of the contract is detailed in paragraph 67.

Director of Law and Governance

79. This report seeks the approval of the Cabinet Member for Council Homes and Homelessness to the strategic options assessment for the delivery of the council's domestic heating and water services when the existing contracts expire in March 2024, and to note the next steps to be taken.
80. Under the council's Contract Standing Orders, a pre-procurement/Gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or for other strategically important contract for services, goods or works where requested by the relevant cabinet member. The decision to approve the report recommendations is reserved to the relevant cabinet member after consideration of the report by the Corporate Contracts Review Board.
81. Paragraphs 16-41 of this report sets out the strategic service delivery options, and their assessment. The recommended delivery option is detailed in paragraph 45, and subject to approval of this report, future investigation of the approach to delivery of this service will be undertaken to progress that option which will be included in the Gateway 1 report which is due to be presented to Cabinet in January 2023. Legal officers from Law and Governance will continue to assist the report author and his team as this project progresses, and will give the Cabinet additional advice in due course.
82. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 49-58 (and specifically the EIA appended to this report) setting out the consideration that has been given to equalities issues which should be considered when approving this report. This Duty is a continuing one, and further advice will be given to Cabinet when the Gateway 1 is presented for approval.

Director of Exchequer (For Housing contracts only)

83. The maintenance of individual heating systems, which this report addresses, transfers to homeowners on the sale of a property with the system being demised with the property. There are therefore no service charge or leasehold management implications for this contract.

BACKGROUND DOCUMENTS

N/A

APPENDICES

No	Title
Appendix 1	In-house delivery business model summary

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Cabinet Member for Housing and Homelessness	
Lead Officer	David Hodgson, Director of Asset Management	
Report Author	Gavin Duncumb, Commercial Manager	
Version	Final	
Dated	22 December 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (For Housing contracts only)	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		22 December 2022

