



## NOTIFICATION OF DECISION FOR URGENT IMPLEMENTATION

(Decision either included or not included on the current Forward Plan but needs to be implemented immediately by virtue of the urgency of the actions that need to be undertaken. This decision will not be subject to call-in.)

### ORIGINATOR'S DETAILS

**Name & Contact details:**

David Lewis, Head of Maintenance and Compliance  
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160 Tooley Street, SE1 2QH

### DETAILS OF THE REPORT

**Gateway 1& 2 Engineering Contracts for the Repair and Maintenance of Potable Water, Individual Heating Systems and District Heating and Engineering Installations****Title and brief description of the nature of the business to be considered:**

Prior approval of the procurement strategy outlined in this report for ten (10) Engineering Contracts for the Repair and Maintenance of Potable Water, Individual Heating Systems and District Heating and Engineering Installations to undertake single suppliers negotiations for a total combined estimated value of £3.9 million and approve the award for a period of 6 months from 1 October 2015 to 31 March 2016.

Officers from the maintenance and compliance department are due to present a GW1 Heating and Water contract to Cabinet on 22 July 2014 which will replace the above contract. However, after recent market research with potential suppliers, concerns have been raised about commencing these contracts at the beginning of the heating season. This would pose significant operational risks especially with district heating which is turned on in October each year.

**Why has the decision been delayed until now?**

This decision was listed on the forward plan. The report was published and the record of decision form was signed by the cabinet member for housing on 15 July 2014. The GW1&2 is linked to the GW1 for Heating and Water Contracts that is scheduled for consideration by cabinet on 22 July 2014. The GW1&2 needs to be implementable prior to the start of the consideration of the GW1 as it extends the existing contractual arrangements for 6 months. The reason for this extension is to avoid starting the heating and water contracts in the winter thus avoiding the risk of service failure and furthermore, it gives any new contractor 6 months to familiarise themselves with the large complex plant.

**Why the decision can't be reasonably deferred.**

The GW1&2 needs to be approved prior to the GW1 for Heating and Water Contracts

by Cabinet on 22 July 2014. Should this not be approved then the GW1 will also have to be deferred to September 2014. This will set the programme back by two months. With leasehold consultation, PQQ and tendering periods this contract would not be awarded till December 2015. This would only allow 3 months to mobilise two complex contracts during the winter heating season increasing the risk of service failure.

**How long as the department known the decision was to be taken.**

Since January 2014 the Maintenance and Compliance department carried out numerous visits to potential contractors whilst undertaking market research for the new Heating and Water Contracts. At this time it became evident that all the contractors expressed concerns about starting these two large contracts in October 2015 just as the heating season starts. All contractors advised that it was better to mobilise over the winter period and commence at the end of the heating season (April) allowing 6 months bedding the contracts in prior to the new heating season.

**If scheduled on the forward plan for a particular period what's changed to make it so urgent now?**

The decision was listed on the forward plan but due to additional questions raised there needed to be further evidence supplied to ensure value for money.

**What is the potential cost to the council if the decision is delayed?**

The mobilisation period will have to be reduced to 3 months during the busiest part of the year (Heating season and end of financial year). This would increase the risk of service failure, negative publicity.

**Date decision to be taken on:**

**Declaration**

I agree with the Chief Officer/Head of Service that the proposed Decision is reasonable and that it can be treated as a matter of urgency.

Reason for refusal

Signed  Dated 17/7/2014

Chair of Overview & Scrutiny Committee/Mayor/Deputy Mayor\*

\* delete as appropriate

Please note reasons for refusal, additional points or further action required (as appropriate)

I have spoken to both the officer responsible and the Cabinet member. This request has been signed in order to avoid the risks set out in the document regarding a new contract commencing at the start of the cold weather period.

However I would like my concerns over the use of the urgent procedure in this case to be noted. The officer explanation that this decision requires urgency "due to additional questions raised... to ensure value for money" is not satisfactory. The Cabinet Member has stated that this "delayed" the decision by just one day. And in any case, officers should expect a Cabinet Member to ask questions about a decision of this nature.

In future closer attention should be paid by officers to the lead in times required to avoid this situation. This example will also be used as part of the current scrutiny of the council's approach to procurement

Please return completed form to Sean Usher /Ian Millichap, Constitutional Team, 160 Tooley Street, PO Box 64529, London, SE1P 5LX – tel: 020 7525 7232 fax: 020 7525 7498