



In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below:

**1. Level of Approval**

State “YES” in the applicable box at either Level 1, Level 2 or Level 3:

Type of Procurement	Level 1		Level 2		Level 3	
	Assistant Director & Director Approval		Executive Approval		Full Council Approval	
Goods and Services	£50k – £500k		> £500k	✓	Annual Value >£5m or TAV >£25m (if capital >£15m)	
Schedule 3 Services	£50k – £663k		> £663k			
Works	£50k – £4,733k		> £4,733k			

**NOTE:**

Executive meetings (Level 2) are held each month, but the submission of papers is strictly controlled, resulting in a cycle of at least 6-weeks – speak to Democratic Services for assistance.

Full Council meetings (Level 3) are held every second month and submission of papers is controlled as per Executive meetings – speak to Democratic Services for assistance.

**2. Project Information**

<b>Project / Contract Title</b>	Heating Services Contract
<b>Project / Contract Description</b>	<p>The contract scope covers domestic and commercial heating services, including annual statutory requirements for completion of Landlord Gas Safety Record (LGSR) inspections, and maintenance / servicing and repair of all gas and electrical heating installations in our housing properties.</p> <p>The contract also includes the installation of new heating systems as needed to replace any existing systems that are beyond on-going economical maintenance and repair.</p> <p>The scope also includes the service requirements for our estate of renewable heating technology assets.</p>
<b>Expected Start Date &amp; Duration (months)</b>	Expected Start Date: 1 <sup>st</sup> September 2021 Initial Contract Term: 24 Months
<b>Any Extension/s Allowed (months)</b> <i>(e.g.: 1 x 24m / 1 x 12m + 1 x 12m)</i>	Optional Contract Extension: 1 x 36 Months Total Contract Duration Available: 60 Months

<b>Total Ascertainable Value</b>	Annual Value: Circa £500k p.a. Total Ascertainable Value (TAV) for 60 Month Total Contract Term: Circa £2.5m
<b>Procurement Advice</b> <i>Provide a short summary of the advice or attach/append any written advice you have obtained, including the type of procedure, Brexit considerations and if the BC is for setting up of DPS or framework agreement.</i>	Central Procurement will be notified of the procurement project as per internal guidelines for procurements.  The new contract will be procured via a public procurement framework to ensure compliance with Public Contracts Regulations (PCR) 2015.
<b>Finance Advice</b> <i>Confirm budget availability and add any comments relevant to the budget.</i>	N/A
<b>Source of Funding</b> <i>(revenue or capital or specified other)</i>	Housing Revenue Account; split between Revenue and Capital. Estimated annual values: Revenue: £250k; Capital: £250k.
<b>If procurement is for software, specify outcome of your consultation with IMT and/or Business Change</b>	N/A

### 3. Project Justification

#### Link to Service or Corporate Objectives:

*This section is intended to demonstrate that the project aligns with the Council's Corporate Delivery Plan and Community Vision. It should provide an overview of how the project is relevant to the Council's objectives and illustrate how the project supports the directorate's business plan and key strategies, as well as considerations about:*

- *Equality Impact*
- *Social Value*
- *Sustainability*
- *Climate Crisis*

The new contract will assist the Council with achieving its objectives against key strategic priorities:

Safe, Strong Communities.

A Clean and Green Borough.

The contract will assist with delivering the Housing Asset Management main objective: through effective, active asset management to have a high quality, well maintained, sustainable housing stock that meets a locally determined standard, provides the type of accommodation our tenants want, in the locations and environments they would like to live.

The contract will also assist the Council with delivering against its commitments in the Corporate Delivery Plan 2020-2024, Supporting our Community Vision for Wokingham Borough to be:

A great place to live, learn, work and grow and a great place to do business.

### **Project Specific Objectives, Appraisal of Options and Project Timetable:**

*Use this section to list the business goals and objectives that are to be delivered by the project and how the project will address them. Provide justification of any decision to outsource the services/works as opposed to deliver them in-house. The analysis should include an appraisal of any alternative options that have been considered, including the option not to proceed or not to utilise an existing contract, and the reasons for selecting the current course of action. An outline of the expected project timescales, including all key events, should be provided.*

The Service manages 2768 properties with heating systems that require regular inspections, maintenance and servicing. It is the Council's intention to retain these properties for the foreseeable future and maintenance and repair of the properties, including their heating systems will maintain the value of the stock as well as providing the appropriate comfort and convenience for our tenants.

The current heating services contract is approaching the end of its initial contract term and the Housing Asset team have decided not to exercise its option to extend the contract, preferring to end the contract at a natural break point. With the Council declaring a climate emergency and announcing their objective to be a carbon neutral Borough by 2030, it is the belief of the Housing Asset team that the current contractual arrangements, and the existing contractors current lack of in-house expertise and experience for installing, maintaining, servicing and repairing renewable heating technology assets is inadequate to facilitate the service requirements in line with the anticipated growth of our estate of renewable heating assets. Therefore, the Housing Asset team has decided to retender the contract to ensure that our estate of traditional heating systems and the full range of renewable heating technologies are placed with a suitably qualified and competent contractor.

The new contract will maintain the existing traditional heating systems in line with the Council's statutory requirements as a landlord; provide new boilers and heating installations when the existing installations reach the end of their economic life, meeting the statutory obligation on the Council to provide a form of heating in its residential properties; and meet statutory requirements regarding Landlords' obligations for annual gas safety inspections for those properties that have gas heating. For reference, a table showing the details of properties with gas heating and other heating asset types is provided below.

Property Estate	Total No. Properties	Heating Assets by Type				
		Gas Heating	Mechanical Ventilation Heat Recovery (MVHR)	Solar PV	Air Source Heat Pump (ASHP)	Electric Heating
Berry Brook Homes	95	95 (100%)	95 (100%)	58 (61.05%)	0 (0%)	0 (0%)
Loddon Homes	75	16 domestic, 5 plants	1 (1.33%)	10 domestic 3 block	0 (0%)	0 (0%)
HRA (domestic only)	2598	2517 (96.88%)	0 (0%)	1 (0.03%)	28 (1.07%)	53 (2.04%)

As renewable heating technologies is an emerging sector that is expected to grow rapidly in the next five years, the Housing Asset team believe our renewable service requirements need to be placed with relevant subject matter experts at the soonest opportunity, to maximise the remaining timeframe to assist WBC with meeting its climate objectives by 2030. The service arrangements for renewables with our existing contractor does not add value, with the contractor sub-contracting the services for an admin cost. If the Housing Asset team extends the existing contract, an opportunity will be missed until the current contract is rebid again in 2024.

The new contract will be procured via a public procurement framework, and the new contract is expected to be in place for September 2021 in advance of the peak heating period in the winter.

**Cost Benefit Analysis:**

Use this section to illustrate the costs of the project and compare them with the benefits and savings to be delivered to determine if the project is worth pursuing. Capital Works business cases should include a financial feasibility assessment in terms of investment payback, return on investment or discounted cash flow value.

As specified above, the contract is required to ensure that the Council meets its statutory requirements as a Landlord, so a cost benefit analysis is not applicable for this business case.

**Contract Management:**

Use this section to explain the level of contract management that will be required, which Service will be managing the contract, what percentage of FTE hours will have to be dedicated of the management of the contract, name of the contract manager, if known at this stage.

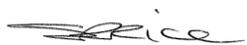
The senior specialist (Senior Building Surveyor) will act as the contract administrator and will be the principal decision maker for all technical matters. The Compliance Manager from the Housing Asset team will be responsible for overseeing the regular operational activities. A pre-start meeting will be held with the contractor before commencement of the contract and during the contract mobilisation period, update meetings / conference calls will be as required to ensure a smooth implementation and to establish working relations. Service performance review meetings will be held on a monthly basis until such time as the contract administrator is satisfied the frequency can be moved to quarterly, or another frequency at the discretion of the contract administrator. The main quorum for service performance review meetings will consist of the administrator, Compliance Manager and the contractors contract manager and technical representatives (as required). Regular service performance updates will be provided to key stakeholders, e.g., Assistant Director; Neighbourhoods and Communities, and our tenants that are represented by the Repairs and Maintenance Group (RMG) and the Tenant and Landlord Improvement Panel (TLIP).

**4. Approval**

Please fill in the applicable fields according to the level of approval required.

**Note: If Level-2 or 3 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive (and Full Council where appropriate) for final approval.**

**Level 1**

Position	Name	Department	Signature
Assistant Director	Simon Price	Neighbourhoods and Communities	
Director	Keeley Clements	Communities, Insights and Change	

**Level 2**

**NOTE: Level 1 approval must be completed first.**

**Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.**

Date of Executive meeting / approval	Item No
Executive Approval	



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