

## Report of Contracts Project Manger

## Report to Chief Officer Property and Contract

**Date: 01/12/2014**

**Subject: Proposals to procure a city wide contract to deliver cavity and loft insulation to council properties**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## Summary of main issues

1. The Housing Leeds Capital programme was approved in February 2014 and included a provision of £100k to undertake cavity and loft insulation works to housing properties within Housing Leeds asset portfolio.
2. It is proposed that a new contract is sought to deliver the installation of cavity and loft insulation to LCC housing assets that do not currently meet the required insulation standards.
3. A review of the available procurement options has been undertaken with officers from PPPU / PU in line with CPR 3. This report sets out these options along with the preferred option to deliver the best outcomes to the city in terms of delivery of above works to LCC properties and the opportunity to attract of external funding via the proposed framework.

## Recommendations

4. The Chief Officer for Property and Contracts is requested to approve the proposals set out in line with CPR 3.1.8 to subject the project to external procurement process by utilising the Efficiency North Framework through Lot 19 (Insulation/cavity wall insulation under £100 000).

## **1 Purpose of this report**

- 1.1 The purpose of this report is to outline the procurement options open to Housing Leeds to secure a contract to deliver cavity and loft insulation works and seek approval to progress with the preferred and recommended procurement route.

## **2 Background information**

- 1.1 In February 2014, the Council's Executive Board approved the provision of £100k to deliver cavity and loft insulation works to properties that currently do not meet the required thermal insulation standards
- 2.2 A significant number of referrals for properties to have cavity and loft insulation installation have now been received from various sources including referrals from Housing Leeds front line officers and Leeds Contact Centre.
- 2.3 There are no current city wide arrangements to undertake this work and therefore a requirement for a new contract to be put in place has been identified.

## **3 Main issues**

- 3.1 With the project now reaching procurement stage, there is a need now to consider the next steps in terms of procurement options to deliver the construction work.
- 3.2 In discussion with procurement officers within the Public Private Partnership Unit (PPPU) the following Procurement options have been considered in line with CPR 3.1;
  - a. In line with CPR 3.1.4, the ISP has been consulted and requested to confirm their availability and capacity to undertake the works. However the ISP has since declined the offer to undertake the work after consideration of their current work programmes and their internal capacity.
  - b. There is a potential to utilise the 2011 Procurement arrangements with Mears PLC. However the existing arrangements do not cover the whole of the city area and is restricted to the west north west and south areas of Leeds. Mears are also likely to subcontract this type of work therefore diluting the benefits of accessing any external energy efficiency type of funding which would not be in line with achieving best value for the Council
  - c. Utilising existing frameworks: The main frameworks considered with PPPU officers were as following
    - YOR Build: This framework is not considered to be the most appropriate of the existing frameworks as this predominantly caters for new build and major refurbishment works.
    - Efficiency North: This framework caters predominantly for the elemental approach in terms of renewal and installations. Lot 19 (Insulation/cavity wall insulation under £100 000) would be the most suitable. Engagement so far with Efficiency North has been positive and promises to deliver a contract for a proposed period of a max of 12 months as a direct call off from the framework. The advantage of this would be the shortened timescales to deliver the works

within this financial year and maximising deliverables against the budget allocated. It is also proposed to maximise access to external grant funding for energy efficiency via this framework. It is not possible to quantify the level of external funding at this point as the levels are set per property type and will depend on these being surveyed by the appointed contractor.

- Fusion 21: Careful consideration has been given to this consortium as procurement of the works could be undertaken through Alliance Procurement Club. However there is a risk that the framework would not deliver a contract in place in time to maximise expenditure and benefits of the project.
  - Northern Housing Consortia: similar to the above, NHC offer, through Alliance Procurement Umbrella, the opportunity to procure these works on a competitive basis. However there is a risk that the framework would not deliver a contract in place in time to maximise expenditure and benefits of the project.
- d. Utilising *Construction Line* has also been considered; however given the monetary value of the scheme, officers' view is that the timescales to tender the works will impact on our ability to maximise expenditure in this financial year.
- e. Full open Market procurement: The timescales involved in pursuing this route can be extensive and resource intensive given the relative simplicity of the work content. Due to the requirement to maximise expenditure within the financial year, this option therefore is considered by officers not to be time effective.

3.4 Therefore, Officers within PPPU and Housing Leeds are recommending utilising the Efficiency North Framework to procure the works for this scheme.

3.5 The following timescales are proposed as an outline programme to enable the project to be delivered

- |                                     |             |
|-------------------------------------|-------------|
| • Approval of Delegated Decision by | 10 Dec 2014 |
| • Final tender Docs preparation     | 19 Dec 2014 |
| • Tender Process                    | 05 Jan 2015 |
| • Evaluation of tender              | 12 Jan 2015 |
| • Contract Award                    | 19 Jan 2015 |
| • Construction Start on site        | 2 Feb 2015  |

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 All local ward members are notified of upcoming work to properties in their relevant ward areas through the Capital Investment Plan on a quarterly basis. This scheme will be notified on the Quarter 3 update to be issued week commencing 1<sup>st</sup> December 2015.

4.1.2 The addresses identified in this project have been self-referred; tenants have been advised that they would be contacted in writing once a contract has been let to deliver the work, providing timescales.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An Equality Diversity, Cohesion and Integration Impact screening has been undertaken. This identifies positive impacts for customers and vulnerable groups in terms of improving the energy efficiency of their homes and reducing their energy bills and therefore identifies is also a positive impact in that the proposals will support tackling poverty and improving health initiatives.

### **4.3 Council policies and City Priorities**

- 4.3.1 This refurbishment scheme supports the City Priorities by increasing the number of properties receiving energy efficiency measures. The project also contributes towards reducing the incidence of poverty and the wellbeing agenda in the city.

### **4.4 Resources and value for money**

- 4.4.1 The current capital budget available is within the approved capital programme for Housing Leeds and is £100k
- 4.4.2 The project will be delivered by the Capital Planned works team within the Property and Contracts division of Housing Leeds.
- 4.4.3 By utilising the Efficiency North Framework, Lot 19, which underwent a competitive tender process there is a level of assurance around the competitiveness and value for money offer by the contractors on this framework.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The Housing Head of Contracts and PPPU have both been consulted about the procurement route and are satisfied that the scheme complies with procurement rules, and doesn't breach any existing contractual requirements for undertaking building maintenance to Council Housing. There are no other known legal implications of this scheme. The decision to procure will be published on the Council's Website.

### **4.6 Risk Management**

- 4.6.1 A risk register will be developed as part of the contract implementation as required by the NEC TSC short Term contract which will highlight all risks and register how contract risks will be managed.

## **5 Conclusions**

- 5.1 With reference to the procurement options considered under 3.2 above, based on the priority to undertake a procurement of the works to deliver the project with a budget of £100k within this financial year, officers from Housing Leeds and PPPU/PU recommend the option of procurement through the Efficiency north Framework utilising Lot 19 to allow the works and the associated benefits to be delivered within this financial year.

## **6 Recommendations**

- 1.2 The Chief Officer for Property and Contracts is requested to approve the proposals set out in line with CPR 3.1.8 to subject the project to external procurement process by utilising the Efficiency North Framework through Lot 19 (Insulation/cavity wall insulation under £100 000).

## **7 Background documents<sup>1</sup>**

None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.