

Report of Chief Officer – Property and Contracts

Report to Director of Environments and Housing

Date: 20/01/2015

Subject: Proposal to procure a new contract to deliver structural repairs and external refurbishment of the Highways Multi storey blocks

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Killingbeck and Seacroft	<input checked="" type="checkbox"/> Yes	<input 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 checked="" type="checkbox"/> Yes	<input 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 £3,730k to undertake the Structural repairs and external refurbishment including the thermal cladding of two Reema high rise blocks (the Highways) in the east area of Leeds.
2. Detailed specifications are currently being developed with NPS consultants to address the current and future maintenance requirements of these Reema blocks. It is proposed that a new contract is procured to deliver this work as soon as practicable to undertake the work to these blocks.
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.

Recommendations

1. The Director of Environment and Housing is requested to approve the proposals set out in line with CPR 3.1.8 to procure a new contract for structural repairs and external refurbishment to The Highways blocks through the external procurement process by utilising the Efficiency North Elemental Framework through Lot 28 (Rendering, insulation, structural render £100k+) (Rendering, insulation, structural render £100k+)

1. Purpose of this report

- 1.1 This report explores the procurement options available to put in place a new contract to undertake major structural repairs and external refurbishment of the two Highways blocks within the Killingbeck and Seacroft ward.

2. Background information

- 2.1 The Housing Leeds capital programme was approved in February 2014 and included a provision to undertake the Structural repairs and external refurbishment including the thermal cladding of two Reema high rise blocks (the Highways) in the east area of Leeds.
- 2.2 Detailed specifications are currently being prepared by NPS consultants and include requirements to undertake extensive and intrusive structural repairs to the concrete panels in addition to detailing a thermal cladding solution to improve the insulation to the flats within the blocks.

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 Council's Internal Service Providers (ISP) have been consulted and requested to confirm their availability and capacity to undertake the works. However both ISPs (Civic Enterprise Leeds and Construction Services) have declined the offer to undertake the work after consideration of their current work programmes, skills and internal capacity.
 - b. There could be a potential to utilise the 2011 Procurement arrangements with Mears PLC. However the Mears contract does not cover the east and north east areas of the city area (where all the identified blocks are situated) and is restricted to the west north west and south areas of Leeds. Mears are also likely to subcontract this type of work and therefore the contract would attract an additional 12.5% additional overhead for this specialist type of work.
 - 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 28 (Rendering, insulation, structural render £100k+) would be suitable. Engagement so far with Efficiency North has been positive and promises to deliver a contract for a proposed period of 12 months following a competitive tender between the contractors currently appointed to this Lot within the Framework. Early indications are that there is a healthy interest from at least 6 contractors on this framework.

Precedence has already been set as LCC has previously engaged successfully with Efficiency North on a separate lot (Lot 38) within the Elemental Works Framework to deliver the Malverns' and Waverleys' refurbishment scheme. This is progressing well on site.

- Fusion 21: following consideration given to this consortium as a procurement route for these types of works, it was established that the consortium is in the process of procuring a new framework for high rise works which will be live in approximately 8 weeks. However this new framework is untested and is not currently approved by LCC legal so this may have an impact on the procurement timescales. It should also be noted that this framework essentially is north west based and thus not as local to our area in terms of use of sub-contractors etc
- Northern Housing Consortia: This consortium's Frameworks are predominantly of an elemental nature, and do not currently cater for the structural repairs element of the works.

d. Utilising Constructionline: a national approved list managed by Capita for the Government has also been considered; however given the nature of the specialist structural repair element of the scheme, officers' view is that this is not appropriate for this type of work and further where we have an already approved framework then we should give better consideration to its use as opposed to Constructionline.

e. Leeds City Council own 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 time expediency requirements to start the work to undertake essential repairs, this option therefore is considered not to be time effective.

3.3 Therefore, Officers within PPU and Housing Leeds are recommending utilising the approved Efficiency North Elemental Framework (Lot 28 (Rendering, insulation, structural render £100k+) to procure the works for this scheme.

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

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| • Approval of DDP | 29 Jan 2015 |
| • Final tender docs preparation | 20 Feb 2015 |
| • Tender process start | 06 Mar 2015 |
| • Tender process completed | 15 Apr 2015 |
| • Evaluation of tender by | 01 May 2015 |
| • Leaseholder consultation (Stage 2) completed by | 29 May 2015 |
| • Contract Award wc | 08 Jun 2015 |
| • Construction start on site | 27 July 2015 |
| • Construction completion | 22 July 2016 |

3.5 NPS Leeds are currently producing the tender documentations including specification, terms and conditions and pricing documentation – currently there are on track to meet the above programme

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.4.1 Officers within PPPU /PU have been involved in discussions with Property and Contract officers and support the proposals set out within this report.
- 4.1.2 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 during December 2015.
- 4.1.3 Leaseholders and tenants within the blocks impacted by this work will be involved as part of the routine consultation prior to the contract being procured and starting on site.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The Equality, Diversity, Cohesion and Integration Screening document has been considered and completed. No adverse or otherwise impacts have been identified.

4.3 Council policies and City Priorities

- 4.3.1 The works undertaken by the contract will support the key City priorities of *“Improving Housing Conditions”* and help maintain properties in good repair condition addressing structural repairs required and providing improved thermal insulation to the block
- 4.3.2 *“Promoting sustainable and inclusive economic growth”* through ensuring that at least 1 full time training opportunities are undertaken through the Efficiency North Contract

4.4 Resources and value for money

- 4.4.1 The current approved capital budget available is £3,730k within the approved capital programme for Housing Leeds.
- 4.4.2 The project will be contract managed by the Capital Planned Works team within the Property and Contracts division of Housing Leeds. A contract management plan is under development for these works as is required by CPR 3.1.16.
- 4.4.3 By utilising the approved Efficiency North Elemental Framework, Lot 28 (Rendering, insulation, structural render £100k+), whom which 9 shortlisted contractors have already undergone a rigorous quality assessment, further competition will be included through a mini tender as indicated in the outlined programme under 3.4 above.
- 4.4.4 Efficiency North Framework fees are 4%. This includes 1% that is goes towards the “4Good Homes fund”, which funds the apprenticeship scheme.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 It is proposed that PPPU legal will be undertaking due diligence of the Efficiency North contract
- 4.5.2 The Chief Officer for Property and Contracts, Head of Housing Contracts and PPPU/PU have both been consulted about the proposals to procure this contract

and are satisfied that the proposal complies with the Contract Procurement Rules, There are no other known legal implications of the report proposals. The decision to procure this contract will be published on the Council's Website and has already been published on the Council's List of Forthcoming Decisions.

- 4.5.3 The decision is subject to call in. The budget for the construction works exceeds the Key Decision threshold and is circa £3,730k

4.6 Risk Management

- 4.6.1 A risk register will be developed as part of the contract implementation as required by the NEC ECC Option A contract which will highlight all risks and register how contract risks will be managed. The risk register will also form part of the scheme's Contract Management Plan
- 4.6.2 The main risks associated with procurement are low and are relating to the procurement time; however a project plan has been detailed out of which the summary is covered under Item 3.4 above.

5. Conclusions

- 5.1 There is a requirement to procure a new contract to deliver the essential structural repairs to the two Reema type blocks (The Highways) and undertake external envelope refurbishment including insulation cladding to the two blocks.
- 5.2 Efficiency North Elemental Framework is a LCC approved framework and early engagement has meant that identification of a keen interest from contractors to bid for this type of work means that it is anticipated that a competitive tender would be received.

6. Recommendations

- 6.1 The Director of Environment and Housing is requested to approve the proposals set out in line with CPR 3.1.8 to procure a new contract for The Highways blocks structural repairs and external refurbishment through the external procurement process by utilising the Efficiency North Elemental Framework through Lot 28 (Rendering, insulation, structural render £100k+)

7 Background documents¹

None

¹ 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.