

Report of: Contracts Project Manager

Report to: Chief Officer Property and Contracts

Date: 16/02/2015

SUBJECT: APPROVAL TO AWARD OF PHASE 3 OF THE HOUSING (CONSTRUCTION SERVICES) SUBCONTRACTOR FRAMEWORK

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Burmantofts and Richmond Hill, Chapel Allerton, Gipton and Harehills, Harewood, Killingbeck and Seacroft, Moortown, Roundhay and Wetherby.		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		

Summary of main issues

1. This report seeks approval, from the Chief Officer Property and Contracts for Housing Leeds, to award Phase 3 of Leeds City Council’s Construction Services Subcontractor framework to the named contractors outlined below in this report
2. Construction Services were previously the in-house provider for responsive and some planned works in the previous East North East homes area. In October 2013, Leeds City Council dissolved the previous ALMOs (Arm’s Length Management Organisations) and a subsequent need was identified to re-procure subcontracts to support the Housing Leeds Property and Contracts in-house service provider (ISP) in terms delivery of the repairs and maintenance to the council’s housing stock in the east north east of the city.
3. Phase 3 of the subcontract procurement is proposing to provide back-up subcontract resources and services under the Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating trades for Construction Services.
4. The current external contractor arrangements for Construction Services (‘subcontractors’) expired on 31 December 2014. The majority of work undertaken on housing stock by Construction Services is delivered internally but demand peaks for the service have historically been managed for specialist and multi-trade works through these now expired contracts.

5. The decision to award the subcontracts is a Significant Operational Decision and is a result of a Key Decision for the Authority to Procure (ref: D41003) which was approved 27th March 2014 and therefore this decision is not subject to call in. (Appendix I and II)

Recommendations

Chief Officer Property and Contracts for Housing Leeds is recommended to approve the award of the Phase 3 of the framework contracts for Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating trades for a commencement date of 1 April 2015 to the named contractors in this report.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award Phase 3 of the framework contracts covering the supply and installation in relation to Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating Trades to Leeds City Council Housing Leeds ISP (Construction Services) to the named contractors detailed in this report.
- 1.2 The contracts will commence on the 1 April 2015, and have a term of three years with an option to extend for a further year.
- 1.3 The estimated annual value for all the contract categories mentioned in this report is as follows;
- | | | |
|-------------------------|---|----------|
| Multi Trade | | £548,000 |
| Metalworks | | £20,000 |
| Fencing (Timber) | } | £175,000 |
| Fencing (Metal) | } | |
| Painting and Decorating | | £110,000 |
- 1.4 The successful tenderers have submitted bids which have scored the highest on the basis of the tender evaluation criteria based on a combination of price and quality at a ratio of 60/40 as set out in the tender documents.

2 Background information

- 2.1 Construction Services transferred, in October 2013, to Leeds City Council from the previous East North East homes ALMO to become Leeds City Councils (Housing Leeds) In-house Service Provider (ISP) for housing property management and the provision of building services. In providing the required services to Housing Leeds, Construction Services contract out certain elements of work where there are demand peaks that are not met internally or are of specialist nature.
- 2.2 Arrangements had been made to use these contracts until 31st December 2014. However these contracts have now expired with no facility to further extend these.
- 2.3 Construction Services have also identified that certain skills and provision of services need to be formalised to ensure that they can fully resource the services that Housing Leeds require and also to be able to grow the business moving forward.
- 2.4 Construction Services provide responsive repairs to housing stock in the East of Leeds. They also carry out some capital works and recently have taken on-board Adaptations works for the other housing areas in Leeds.
- 2.5 Discussions have taken place between all parties and the Procurement Unit who have agreed that in line with Council's policies on 'Spending Money Wisely' and Category Management approach that Construction Services, Property Maintenance and Corporate Property Management's contracts should be procured jointly in order to demonstrate value for money and secure the necessary resources required to deliver services they are required to undertake.

- 2.6 It was also identified that due to the number of different categories of contracts and the tight timescale for replacing existing contracts, the procurement exercises would be conducted in five distinct phases.
- 2.7 It was agreed that phases 1 to 3 would be used to refresh existing contracts and Phases 4 & 5 would be used to procure services where no current contracts are in place. It was agreed by all parties that this would be the most efficient way of managing the process whilst ensuring the identified resources are secured whilst providing best value to Leeds City Council.
- 2.8 The tender process for Phase 3 commenced on the 1st April 2014, with the establishment of a project team. The project team comprised of representatives from Property Maintenance within Civic Enterprise Leeds, Corporate Property Management, Housing Leeds and the Procurement Unit.
- 2.9 The project team agreed the categories of subcontractor services that would be included in Phase 3 of the procurement exercise and these were for the provision of Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating services.
- 2.10 The tender process was undertaken in the format of a 'restricted' tendering procedure (PQQ then tender stage) and was advertised on the Council's Electronic Tendering System, YORtender with the Multi-trade Lot being subject to OJEU.
- 2.11 The utilising of the restricted procedure entailed the issue of a pre-qualification questionnaire (PQQ) which was designed to determine whether contractors had the relevant technical knowledge, competency and the appropriate experience for undertaking the services required for the Phase 3 procurement exercise.
- 2.12 The PQQ process would identify the most suitable contractors that would be short-listed to the next stage, consisting of a tender involving the submission of a quality questionnaire and a pricing schedule. It was anticipated that the resulting tender evaluation of the submissions would identify the four highest scoring contractors who would be then placed on each contract category of the framework contract in a ranked order. All orders under £10,000 in value will be issued to the number one ranked organisation and when their capacity for work was reached then the work will be issued to the second ranked organisation, and so on through to the fourth ranked organisation.
- 2.13 The contract has been developed as a framework that will have provision for mini-tender to take place between the successful contractors for works in excess of £10,000. Work will then be issued to the contractor with the highest score resulting from the quality score gained from the original tender and the pricing score from the mini-tender. If the capacity of the most competitive contractor is not sufficient then the second most competitive contractor will be engaged and this process will be applied down to the last contractor on the list.

3 Main issues

- 3.1 In March 2014 the Authority to Procure was approved for Property Maintenance and Corporate Property Management and Housing Leeds' Construction Services to carry out a joint exercise to procure Housing and Non-Housing Subcontractor Framework Contracts.

- 3.2 On the 14 July 2014 the Pre-Qualification Questionnaire (PQQ) was published on the Council's tendering website YORtender.
- 3.3 A suppliers' day was held on 30 July 2014 at the John Charles Centres for those contractors interested in the categories of services to be procured in Phase 3. Details of the contracts and how the procurement exercise process worked were provided to all who attended.
- 3.4 Following the closing date of the 12 August 2014 for the receipt of completed pre-qualification questionnaires a total of 26 applications were received for the Multi-trade contract, 7 applications for the Metal works contract, 20 applications for the Fencing (Timber), 18 applications for the Fencing (Metal) contract, and 22 applications for the painting and Decorating contracts.
- 3.5 Project teams evaluated the technical section of each PQQ submission and the Procurement Unit carried out vetting and eligibility checks.
- 3.6 As per the terms of the PQQ, those contractors who passed all pass/fail questions and achieved over 60% on the technical questions were invited forward to the tender stage of the procurement process. Following the PQQ evaluation for each category 24 were successful in the Multi-trade category, all 7 contractors were successful in the Metal works category, 16 contractors were successful in the Fencing (timber) category, 14 contractors were successful in the Fencing (metal) category and 18 were successful in the Painting and Decorating category (see Appendix III).
- 3.7 The tender documents were published via YORtender on 15 September 2014. A number of the successful contractors for each contract category submitted tenders by the final tender deadline of 15 October 2014 (22 October 2014 for the multi-trade).
- 3.8 A bidder's 'Open Day' was held at the John Charles Centre in on 1 October 2014 for the contractors who had been successful with their PQQ submissions. Full details and information of the contracts and how the tender exercise process worked were provided to all who attended.
- 3.9 The tender document consisted of a method statement (quality submission) and pricing schedule and stated that the submissions would be evaluated based on a price/quality split of 60% price and 40% quality.
- 3.10 The evaluation model informed the contractors that they must achieve a minimum score on four of the quality questions. Any tenderers failing the quality criteria would be excluded from this tender exercise.
- 3.11 The results of the quality evaluation for each of the contract categories are detailed and attached as Appendix V.
- 3.12 The outcome of the quality evaluations of the tender exercise for Phase 3 showed that the following contractors meet the quality criteria and were successful with their bids for the following contract categories:-

Multi-trade Framework Contract

1. John Rodriguez Plastering
2. Cambridge Construction Northern
3. Excell (UK) Ltd
4. Herbert T Forest Ltd
5. Neo Property Solutions Ltd
6. Liberty Gas Group
7. Haven Building and Maintenance

Metal Works Framework Contract

1. Excell (UK) Ltd
2. Brailsford Bros (Barnsley) Ltd

Fencing (Timber) Framework Contract

1. Marcher Roofing Ltd
2. Excell (UK) Ltd
3. Neo Property Solutions Ltd
4. Wakefield and District Housing

Fencing (Metal) Framework Contract

1. Neo property Solutions Ltd.
2. Excell (UK) Ltd.
3. Wakefield and District Housing

Painting and Decorating Framework Contract

1. Mitie Property Services (UK) Ltd
2. Bell Group Ltd
3. Excell (UK) Ltd

3.13 In line with the bid documents issued and the evaluation undertaken it is recommended to award the Multi-trade Framework Contract to the following four organisations.

1. John Rodriguez Plastering
2. Cambridge Construction Northern
3. Excell (UK) Ltd
4. Herbert T Forest Ltd

3.14 In line with the bid documents issued and the evaluation undertaken it is recommended to award the Metal works Framework Contract to the following two organisations.

1. Excell (UK) Ltd
2. Brailsford Bros (Barnsley) Ltd

3.15 In line with the bid documents issued and the evaluation undertaken it is recommended to award the Fencing (Timber) Framework Contract to the following four organisations.

1. Marcher Roofing Ltd
2. Excell (UK) Ltd
3. Neo Property Solutions
4. Wakefield and District Housing

3.16 In line with the bid documents issued and the evaluation undertaken it is recommended to award the Fencing (Metal) Framework Contract to the following three organisations.

1. Neo property Solutions Ltd.
2. Excell (UK) Ltd.
3. Wakefield and District Housing

3.17 In line with the bid documents issued and the evaluation undertaken it is recommended to award the Painting and Decorating Framework Contract to the following three organisations.

1. Mitie Property Services (UK) Ltd
2. Bell Group Ltd
3. Excell (UK) Ltd

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 All affected Ward members will have received notification of forthcoming contract starting in their ward areas in the Quarter 3 Investment Plan issued in Dec 2014.

4.1.2 Specific leaseholder consultation has been undertaken with the notice period expiring on 23 February 2015. No adverse comments have been received

1.2 Equality and Diversity / Cohesion and Integration

1.2.1 An equality Impact assessment Screening was undertaken and did not find that the proposals contained within this report would have any impact on any specific individuals or groups in terms of equality, diversity, cohesion and integration.

4.2 Council policies and City Priorities

4.2.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such the framework contracts for the Windows, Doors and Glazing, Scaffolding, Slate, Asphalt and Felt Roofing services were procured in line with Leeds City Council's Corporate Procurement Unit's policies and procedures.

4.2.2 The works undertaken by the contract will contribute to the key City Priorities of 'Improving Housing Conditions' and help maintain properties in good repair condition.

4.3 Resources and value for money

4.3.1 This procurement exercise has been designed to not only test the market for contractors with the relevant technical knowledge, competency, experience who can provide the relevant type of services to the standards set by Leeds City Council but also to benchmark and market test value for money for the provision of these services.

4.4 Legal Implications, Access to Information and Call In

4.4.1 This tender opportunity was advertised on the council's YORtender system as required by the European Regulations.

4.4.2 The decision to award this contract is a Significant Operational Decision and is therefore not subject to call-in.

4.5 Risk Management

4.5.1 The tendering risks have been carried out via the usual contracting process in conjunction with the Corporate Procurement Unit. The procurement project Risk Register was developed in the early stages of the programme and is regularly reviewed and updated.

4.5.2 A service delivery risk associated with not having a contract in place immediately after the expiry of the previous contract arrangements (as there is a 75 day gap) was identified within the Project Risk Register, however it was agreed with the operational service that should the HL internal provider need to access additional capacity within these trades, they would be able to utilise the already awarded contracts for Civic Enterprise Leeds

4.5.3 The contract management risks will be managed as part of the contract management plan and monthly operational contract meetings once the framework contracts have been mobilised.

5 Conclusions

5.1 Construction Services in providing the Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating services contract out an element of this work to 'sub-contractors'. The Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating contracts arrangements expired 31st December 2014 and a procurement exercise has been undertaken to replace and improve these arrangements.

5.2 The tendering process has been completed for the provision of framework contracts for Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and decorating type services. The named contractors in the report (refer to points 3.13, 3.14, 3.15 and 3.16) have been deemed to be suitable for each of the Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating framework contracts following the quality evaluation detailed in this report.

6 Recommendations

6.1 Chief Officer Property and Contracts for Housing Leeds is recommended to approve the award of the Phase 3 of the framework contracts for Multi-trade, Metalworks, Fencing (Timber and Metal) and Painting and Decorating trades from 1 April 2015 to the named contractors in this report.

7 Background documents¹

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

- 7.1 Appendix I – Signed DDN for the Authority to Procure
- 7.2 Appendix II – Authority to Procure Report
- 7.3 Appendix III – PQQ Submission and Results
- 7.4 Appendix IV – Quality Criteria
- 7.5 Appendix V – Tender Evaluation Results