

**Report of Service Manager, Private Sector Housing**

**Report to Director of Resources and Housing**

**Date: 31<sup>st</sup> May 2017**

**Subject: Holbeck Group Repair Phase 1 – approval to appoint Keepmoat PLC as the contractor to deliver Holbeck Group Repair Phase 1**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Beeston Hill and Holbeck	Yes
Are there implications for equality and diversity and cohesion and integration?	Yes
Is the decision eligible for Call-In?	No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	No

**Summary of main issues**

1. On the 16<sup>th</sup> of November 2016, Executive Board approved a £4.5m group repair scheme for Holbeck, targeting 180 properties within the Recreations. The £4.5m budget is made up of a number of funding streams including £1.5m from the Local Growth Fund.
2. As part of the approval the Executive Board approved the use of the Better Homes Yorkshire Framework which has already been approved for the delivery of such schemes. As part of the procurement of this framework agreement, Keepmoat PLC have been approved as the principle contractor for the delivery of works.
3. Keepmoat submitted their price and quality tender proposals to the Council for evaluation under the Better Homes Yorkshire framework. The proposals have been evaluated on the same basis as an open competitive tender process and with key emphasis on value for money, quality of contract management and contract delivery and the level of jobs and skills to be provided through the Employment and Skills Plan
4. The tender submission has been evaluated against the approved quality criteria recommended by officers from Public Private Partnership Unit (PPPU) and Housing Leeds. The evaluation outcome confirms that the proposals provide value for money and demonstrates the required quality to deliver the scheme outcomes including the provision of employment and training.

**Recommendations**

5. The Director of Resources and Housing is requested to approve the appointment of the contractor, Keepmoat to deliver Holbeck Group Repair Phase 1.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to request the Director of Resources and Housing to approve the appointment of Keepmoat as the principle contractor to deliver the Holbeck Phase1 Group Repair scheme.

## **2 Background information**

- 2.1 The Executive Board in November 2016 gave approval for an initial phase of group repair in Holbeck as part of the overall regeneration of one of most deprived neighbourhoods in the city. The Board approved a £4.5m investment to improve the housing stock. The initial target area will be the Receptions with 180 properties being subject to improvements. Properties will benefit from improved thermal efficiency from roof and wall insulation, new roofs, windows, doors, rainwater goods and where appropriate new boundary walls.
- 2.2 The Executive Board also gave approval for the scheme to be procured under the Better Homes Yorkshire Framework Agreement. This agreed had been procured previously to allow the Council to undertake such schemes as part of the drive to improve properties in relation to energy efficiency. The principle contractor under the framework agreement is Keepmoat PLC. They were invited to tender for the scheme.
- 2.3 Officers have been working with colleagues in PPPU and Housing Leeds to evaluate the tender from Keepmoat based on quality and price.

## **3 Main issues**

- 3.1 The Council has previously been out to open tender for Better Homes Yorkshire framework. Keepmoat were successful in their submission for this framework contract and were appointed as LCC's partner.
- 3.2 Due to the nature of the Holbeck Group Repair scheme, particularly in relation to the ECO funding which is to be secured by the Contractor it was determined that the Better Homes Yorkshire Framework agreement would be the preferred procurement route. To ensure that the contractor could demonstrate value for money and quality and provide suitable jobs and skills training a robust evaluation criteria was developed against which the contractor's tender submission would be assessed.
- 3.3 Evaluation of the pricing element of the tender submission for the group repair scheme was based on benchmarking against the previously tendered rates from Cross Green and adjusted using the Tender Price Index for Social Housing (TPISH). Quantity Surveyor colleagues have assessed the prices based on their experience of current contracts and the TPISH index and confirmed that they represent value for money.
- 3.4 Notwithstanding that Keepmoat have already have undergone a quality assessment as part of the Better Homes Yorkshire Framework agreement the

Council has also undertaken its own quality assessment of the submission for the Cross Green Group Repair scheme. The quality criteria covered the ability of the organisation and staff to deliver this type of project; the delivery methodology to be adopted; and the addressing of community issues including safeguarding, supply chain involvement and the level of employment and training to be provided as part of the scheme; the evaluation was undertaken by officers from PPPU and Housing Leeds. Keepmoat's quality submission exceeded threshold in all the pre-defined quality areas.

- 3.5 The quality submission also covers the employment and training to be provided as part of the scheme. This is a bespoke plan that has been developed by colleagues in PPPU who specifically deal with this aspect of the tender. They have negotiated directly with Keepmoat to develop the offer based on the overall scheme of works and the value of the contract. The plan provides for apprenticeships, on the job training linked to local colleagues and schools.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Officers within PPPU and Housing Leeds have been involved in the discussions regarding the procurement of the contractor to deliver the group repair scheme.
- 4.1.2 The evaluation criteria to determine if Keepmoat should be appointed under the framework have been agreed with all parties from PPPU and Housing Leeds. They comply with the requirements of the Framework which covers value for money, issues of contractor quality and provision of employment and job opportunities.
- 4.1.3 Ward Members have been consulted on the scheme as a whole. They have been provided with regular updates on the progress of the project and the procurement of the contractor to deliver the works on site

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

- 4.2.1 A full Equality, Diversity, Cohesion and Integration Assessment for HIA: Group Repair has been completed and published.
- 4.2.2 The procurement process includes a Quality Evaluation which includes issues of equality. This includes information on the knowledge and experience of the team who will be delivering the works on site. It also considers their community engagement and liaison strategies to ensure that they meet all the necessary equality requirements and have experience of working in such a diverse community.

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

- 4.3.1 The project contributes to the Council Plan and priorities in that it will improve the housing conditions within the area as well as improving the energy efficiency of the existing housing stock. It will also play a part in helping to improve the health and well-being of individuals by improving their homes and making them warmer

and more secure. It will also help to create training and employment opportunities within the local community.

- 4.3.2 As part of the Locality Agenda to prioritise certain neighbourhoods, the scheme will help to contribute to the overall strategy for the Receptions and Holbeck in general.

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

- 4.4.1 The Better Homes Yorkshire Framework has been procured to ensure it provides value for money and is fully compliant with all relevant procurement rules.
- 4.4.2 The Contractor has demonstrated his ability to deliver quality standards and employment and training.
- 4.4.3 By adopting the process officer and contractor resources can be devoted to ensuring that the scheme is delivered successfully, maximising the funding available and removing or reducing the risk.
- 4.4.4 The Council developed value for money, quality and employment criteria to enable the evaluation of Keepmoat's tender submission. The submission was assessed both for value for money and for quality as if it had been though it had been submitted in open competition. An evaluation carried out by Officers from PPPU and Housing Leeds. They have concluded that the submission meets all the value for money criteria and provides the required quality and level of employment and training that is expected from this type and size of scheme.

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

- 4.5.1 The report is eligible for call in.
- 4.5.2 The Private Sector Housing Assistance Policy 2009 allows the Council to offer financial assistance to private sector owners. This policy has been adopted by the Council as its response to the Government's Regulatory Reform Order (Housing Assistance 2002 – Private Sector Housing Policy).
- 4.5.3 PPPU have been involved in all aspects of the procurement process. The Chief Procurement Officer confirms process is fully compliant with all appropriate legislation and Council Financial Regulations and Standing Orders and this has been demonstrated by the tender submission.

#### **4.6 Risk Management**

- 4.6.1 The procurement process has been via the Better Homes Yorkshire Framework agreement which the Council is able to use for such schemes. The agreement has previously been subject to scrutiny and evaluation as part of agreeing the framework and appoint contractors via this process.
- 4.6.2 The Council has considered the submission from Keepmoat under the Better Homes Yorkshire Framework based on agreed value for money and quality criteria. An evaluation of the whole submission has shown that the Council will

obtain value for money from a contractor with the relevant experience, knowledge and skills to deliver this type of scheme.

- 4.6.3 The procurement process has been overseen by officers from PPPU and Housing Leeds who have considerable experience in procurement and this type of scheme. The criteria adopted were robust and in terms of the threshold for quality above that normally adopted for open tender evaluations.
- 4.6.4 Both Keepmoat and Housing Leeds have considerable experience of delivering such schemes and are fully aware of the potential risks. Regular Output Meetings will occur to ensure that the scheme is being delivered. The scheme will be managed by experienced officers from Housing Leeds who will use the principles of project management to ensure the scheme is run successfully.

## **5 Conclusions**

- 5.1 In November 2016 the Executive Board approved the initial phase of group repair in Holbeck with a budget of £4.5m to target 180 properties in the Receptions. Approval was also given by the Executive Board to procure the contractor to deliver the scheme via the Better Homes Yorkshire Framework. This framework has previously been procured to deliver such schemes. Keepmoat PLC are the principle contractor as part of the framework and they were invited to submit a tender for the scheme
- 5.2 Keepmoat have submitted their tender for the contract to deliver the scheme. This has been subject to robust evaluation by the Council for value for money and quality. That evaluation process has been undertaken by officers from PPPU and Housing Leeds who have considerable experience in this process
- 5.3 The evaluation process has now been completed and Officers are satisfied that Keepmoat have fulfilled all the requirements to allow them to be considered for appointment as the contractor to deliver Holbeck Group Repair Phase 1.

## **6 Recommendations**

- 6.1 The Director of Resources and Housing is requested to :-
- 6.2 Approve the appointment of Keepmoat PLC as the contractor to deliver Holbeck Group Repair Phase 1

## **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.