



Report of: Head of Strategy and Investment, Housing Leeds

Report to: Director of Resources and Housing

Date: 12 February 2018

Subject: Tender evaluation results and proposed award of contract for Housing Leeds Capital Works: Shakespeare High Rise Blocks render repairs & external wall insulation application.

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 only		
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix A		

Summary of main issues

1. The external render of the three 17-story Shakespeare blocks at Shakespeare Approach LS9 7UD is failing and falling to the ground causing a health and safety issue for tenants and passers-by alike. The render of Shakespeare Towers, Court and Grange is in need of repair.
2. This project will address fuel poverty experienced by many people who live at the site. Increasing the thermal efficiency of council properties, and reducing the heating bills of tenants is a council priority. This will also reduce the carbon footprint associated with council properties.
3. A procurement has been undertaken using the YORbuild2 framework. The successful bidder will be engaged using an NEC3 option A contract. Although there is an element of risk for the bidder, the agreement will be fixed price and include a 52 week construction period. Bidders were asked to review all current steeplejack surveys available and estimate the volume, and cost, of concrete/ render repairs. For the bidders this will have presented an element of risk.

4. This report follows approval of the scheme within the capital refurbishment programme and the approval to procure in line with CPR 3.1.8, obtained in November 2017.
5. Following a review by LCC quantity surveyors in the Commercial Team prior to tender despatch the pre-tender estimate for this scheme was agreed as £3.9m for the delivery of the works. The works will be fully funded from within HRA resources.

Recommendations

- It is recommended that the Director of Resources and Housing approves the award of the Shakespeare's render repairs & external wall insulation contract with a value of £3,267,748 to Engie Regeneration Ltd.
- It is anticipated that this contract will take effect on 1 April 2018 and last for 12 months.

1 Purpose of this report

- 1.1 The purpose of this report is to document in detail the procurement processes undertaken to identify the preferred bidder. It will also include information on how tenders were assessed and evaluated.
- 1.2 To obtain approval from the Director of Resources and Housing to award the contract for this scheme to Engie Regeneration Ltd.

2 Background information

- 2.1 This contract is to deliver concrete repairs and external wall insulation (EWI) to Shakespeare Towers, Grange and Court, which are three multi-storey housing blocks located in LS9 opposite St James' Hospital. Each block is 17 storeys high and have 100 units. There are 16 leasehold flats in total.
- 2.2 This scheme forms part of the Housing Leeds Capital Programme 2017- 2019 and is being commissioned in response to failing external render and the need for better energy efficiency to tackle fuel poverty.
- 2.3 These three multi-storey blocks have been experiencing particular wear and tear to their concrete rendering resulting in some concrete pieces and render to fall. Leeds City Council has an obligation under section 11 of the Landlord and Tenant Act 1985, to keep in repair the structure and exterior of the dwelling and as this poses a significant health and safety risk to the residents, and general public alike, Mason Clark Associates (MCA) were appointed as consulting engineers via the Yorconsult framework to provide pre contract services. Note NPS Leeds had declined the works.
- 2.4 The works comprise of the removal of loose areas of render and the application of a proprietary render repair system, the treatment of all exposed reinforcing bars and an anti-carbonation coating applied and the fixing of a rock wool based external wall insulation (EWI) system with the application of a silicone render finish. This work will benefit the long term viability of the blocks and increase the thermal efficiency of dwellings. This EWI will further insulate the blocks and research has shown it will significantly reduce the heating bills for people living there due to preventing the loss of warm air through external walls.
- 2.5 The procurement methodology was forwarded to the Director of Resources and Housing as part of the request for approval to procure. The process was supported at all times by procurement specialists from the Projects Programmes and Procurement Unit (PPPU). The authority to procure was approved in November 2017.
- 2.6 An expression of interest was published to all companies registered on the YORbuild2 framework West £1-4m Lot 3. Initially five contractors expressed an interest in tendering; one of these William Birch withdrew subsequently due to workload capacity. Subsequently, the remaining four interested contractors attended the individual one to one bidders' events held on the site on 30 November 2017 and three companies submitted verified tenders for appraisal. Interserve

withdrew after the 30 November 2017 due to their concerns at the level of risk allocation passed to the tenderer.

- 2.7 The outcome of the works will be that the blocks are not only safe and secure, but as a result of External Wall Insulation they will also have improved thermal efficiency. The works to be carried out will be guaranteed to provide structural integrity to the exterior of the buildings for 30 years.
- 2.8 The tender evaluation criteria was split 70% price and 30% quality; with price being assessed by Housing Leeds quantity surveyors. The quality element of the submission was assessed and scored individually by a panel consisting of Neil Diamond (Planned Works Manager), Allan Naylor (Planned Works Project Manager) and Jeff Oddy (Planned Works Technical Officer). A consensus meeting was held on 26 January 2018 and managed/overseen by a representative from the Projects Programmes and Procurement Unit (PPPU) to confirm final scores.
- 2.9 It is anticipated this contract will commence 1st April 2018 with a construction phase of 52 weeks. There will be no scope to extend the contract.
- 2.10 Note that the evaluation of the tenders was on a price/quality of 70% price and 30% quality, the questions and weightings that made up the quality tender evaluation criteria were submitted for approval as part of the authority to procure request. A contract management plan (CMP) is being developed, with initial scoping meetings being held prior to contract award.

3 Main issues

- 3.1 Due to the Health & Safety considerations regarding render falling from the three high rise blocks at Shakespeare's approach, the procurement of a contractor to address this was considered a priority.
- 3.2 External consultants, Mason Clark Associates (MCA), have supported the development of this project through to contract award stage. MCA have provided technical expertise and developed tender documentation to a standard suitable for publication. They also acted in an advisory capacity during the tender evaluation stage. External technical consultants will be procured to support the project through to practical completion.
- 3.3 The investment and resulting external works proposed at Shakespeare Grange, Shakespeare Court and Shakespeare Towers will make a significant contribution to the vision, ambitions and outcomes set out in the Best Council Plan 2015-20. This scheme will support a number of council objectives and priorities, for example:
 - Helping people out of financial hardship and into work – by reducing fuel bills via energy efficiency schemes and creating jobs and training opportunities via construction contracts.
 - Boosting the local economy – by increasing disposable incomes by reducing fuel bills via energy efficiency works.
 - Developing a low carbon, resilient energy infrastructure for the city – by funding energy efficiency works, for example External Wall Insulation (EWI).

- Legislative and Regulatory compliance.
- 3.4 The contract will have an approved contract management plan that will specify performance levels and the monitoring process to be implemented; bidders have been provided with guidelines, clear targets and performance levels within the tender documentation. These will be managed and monitored over the life of the contract to ensure that the quality of service provided by the Contractor is sufficient in accordance with our performance indicators.
- 3.5 The Project Manager, Allan Naylor, will be responsible for developing and managing the:
- Monitoring performance measures and reporting processes;
 - Annual reviews
 - Contract Management Plan;
 - Exit Plan.
- 3.6 The core evaluation panel was supported by a guest scorer for the specific area of Employment and skills. The response to quality criterion 10, E1 Employment and skills plan & method statement was scored by:
- Tracey Greig, Employment Access & Growth Senior Manager.
- 3.7 The panel assessed the quality submissions individually before coming together with PPPU support to arrive at a consensus score. The scoring criteria for quality and weightings included:
- Provision of an outline construction programme.
 - Outline of examples/experience where they have successfully worked in a similar environment to deliver render repairs and/or the application of external wall insulation.
 - Outlining of any key issues experienced in carrying out works to a high rise domestic blocks.
 - Outline what are the issues in working within an occupied high rise residential building.
 - Resourcing structure to ensure delivery on time.
 - Stakeholder management and creating and maintaining good neighbour relations.
 - Submission of a Project Risk Register based on their experience of delivering comparable schemes.

- Methodology for identifying and managing their supply chain.
- Structure of the proposed construction team to include their expertise, experience and qualifications.
- Compliance with clause 116 Employment and Skills in the Preliminaries.

3.8 Three verified tenders were received by the advertised submission deadline. Following completion of the evaluation a summary of the evaluation scores is:

	Organisation	Price score 70%	Quality Score 30%	Total Score
1.	Engie Regeneration Ltd	70%	30%	100%
2.	Henry Boot Ltd	61%	25.2%	86.2%
3.	Robertson Construction Ltd	Non-compliant	20.01 %	Non-compliant

3.9 The organisation recommended for contract award is:

1. Engie Regeneration Ltd.

3.10 The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contract to the successful bidder. They have the capacity, resource and experience within this operational field of work deemed necessary to deliver the service requirement.

Prior to award, the preferred organisation will be assessed to ensure adequate policies are in place to support the delivery of this provision, including Insurance, Health & Safety and Safeguarding. A financial check will also be carried out to ensure they are not a risk to the authority. Results of this process will be kept on file.

4. Corporate Considerations

4.1. Consultation and Engagement

4.1.1. PPPU have been represented on the Project Team and have provided advice throughout the procurement process.

4.1.2. Tenants have been consulted throughout the procurement process. Information has been sent to tenants individually and have been invited to an open session at a local community centre. This open session allowed tenants to meet the project manager and review the materials likely to be applied to the exterior of the buildings.

4.1.3. Ward councillors have been notified of the scheme and are supportive.

- 4.1.4. The local tenants & residents association is supportive of the scheme and attended information events.
- 4.1.5. Leaseholders have also been notified of the council's intention to procure a new contract for the work under the Leasehold Consultation Requirements (England) Regulations 2003. A legal notice has been sent to leaseholders within the blocks. No comments or observations have been received to date from leaseholders.

4.2. Equality and Diversity / Cohesion and Integration

- 4.2.1. It is not anticipated that contractors will require access to properties as works are external; therefore the wholesale transfer of personal data is not required. Council data protection and privacy protocols will be included in the contract data. Should information on extremely vulnerable tenants be transferred from the council to contractors it will have to be managed, stored, transferred and destroyed in accordance with council guidelines. Privacy Impact Assessment documentation has been completed.
- 4.2.2. An EDCI assessment has been completed. This project will have a minimal impact on equality, diversity and cohesion, as it is repairing the external render of tower blocks and applying external wall insulation. It will increase the thermal efficiency of the buildings and reduce the heating requirements of tenants.

4.3. Council policies and Best Council Plan

- 4.3.1. These capital works and resulting activity contributes to a range of Best Council Plan objectives, including:
- Providing enough homes of a high standard in all sectors – by maintaining properties to the Leeds Homes Standard; acting as an exemplar to the private rented sector; and encouraging support in-kind contributions to Community Led Housing organisations in Leeds.
 - Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through our contracting activity.
- 4.3.2. As part of the tender pack, potential bidders were asked to submit information on how they would meet their employment and skills obligations. These submissions were assessed by Tracey Greig, Employment & Skills Senior Manager.
- 4.3.3. This procurement has been undertaken with openness, transparency and fairness throughout. The contract was procured in line with Leeds City Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

4.4. Resources and value for money

- 4.4.1. The project team has consistently had support from procurement specialists from PPPU who have advised on following procurement guidelines ensuring each potential bidder was treated equally.

- 4.4.2. The procurement has been carried out in an open and transparent manner as required by the Public Contract Regulations 2015 whilst ensuring competition is sought to identify best value when initially establishing the contract.
- 4.4.3. Due diligence was undertaken on price to ensure that the contract values are realistic and sustainable, and offer value for money to the council.
- 4.4.4. The Council has received competitive tender submissions from contractors on the YORbuild2 framework because of the competitive nature of the procurement process. After appraisal, it was determined that the submission from Robertson Construction Ltd was non-compliant.
- 4.4.5. The contract value is £3,267,748.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. As part of the overall capital programme report to February's 8th 2017 Executive Board the total funding package for the Housing Leeds Refurbishment programme from 2017-18 to 2019-20 was presented and injected into the capital programme by full Council on 22nd February 2017 in the amount of £241.5m of which £81,478.3k was for 2017-18.
- 4.5.2. The Housing Leeds 2017/18 capital refurbishment programme was approved on 4th April 2017 by the Director of Resources and Housing giving a total authority to spend (ATS) on the programme for 2017/18 of £81,478.5k.
- 4.5.3. The decision to authorise spend on the Housing Leeds 2017/18 refurbishment programme on the 4th April 2017 was taken by the Director of Resources and Housing as a Key decision of which this scheme forms a part. The decision set out in this report is a Significant Operational Decision taken as a direct consequence of that previous Key Decision and is not therefore subject to Call In.
- 4.5.4. The tenders have been evaluated in accordance with the evaluation criteria set out in the tender documents and therefore, provided the works are still required and affordable, the winning bidder should be appointed. Thus, in making the final decision, the Director of Resources and Housing should be satisfied that this contract represents best value for the Council.
- 4.5.5. Planning permission has been sought and the development must begin within three years from the date of permission (February 2017). The development must be carried out in accordance with the approved plans listed in the Plans Schedule. Prior to commencement of the works, the colour finish for the render shall be submitted to and approved in writing by the Local Planning Authority. The approved colour shall thereafter be implemented and maintained as such unless otherwise first agreed in writing by the Local Planning Authority.

4.6. Risk Management

- 4.6.1. A risk register will be used to mitigate against risks on this project. It will be monitored and managed by the project manager. Risks already identified include:
- a) An overrun of this project may impact on the delivery of the RERF community heating project, scheduled to be implemented in that area.
 - b) The impact on tenants will have to be managed. A temporary car park will have to be constructed to account for parking spaces lost due to the ground level exclusion zone canopy.
 - c) Ineffective communication between the contractor and tenants will lead to wider problems. Communication between all parties needs to be monitored throughout the life of the project.

5. Conclusions

- 5.1. The procurement process undertaken has been in accordance with the Regulations and the Council's Contracts Procedure Rules, with full guidance and support from the PPPU. A competitive procurement route was established to identify a contract offering the best value for money.
- 5.2. This scheme forms part of the Housing Leeds Capital Programme 2017-2020, and is being commissioned in response to structural information that has demonstrated that these blocks are in need of both render repairs and better energy performance.
- 5.3. The tender received from Robertson Construction Ltd had been significantly qualified; contrary to tender specification guidelines and is therefore non-compliant. The full QS report is attached to this document as a confidential appendix.
- 5.4. This agreement will deliver:
- a) External render repairs to Shakespeare Court, Grange and Towers located at Shakespeare Approach, Burmantofts.
 - b) External wall insulation will be applied to the 3 blocks to increase thermal efficiency and reduce heating utility bills.
 - c) Concrete repairs to the frame of the building- anticipated to be predominantly the horizontal beams will be carried out where required.

6 Recommendations

- It is recommended that the Director of Resources and Housing approves the award of the Shakespeare's render repairs & external wall insulation contract with a value of £3,267,748 to Engie Regeneration Ltd.
- It is anticipated that this contract will take effect on 1 April 2018 and last for 12 months.

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.