

# Authority to award new contracts by way of a call-off from the Re-Roofing and Associated Works framework for year 4 (financial year 24/25) (ref 85407)

Date: 13<sup>th</sup> June 2024

Report of: Head of Property Management

Report to: Director of Communities, Housing and Environment

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

The purpose of this report is to document the procurement and tender evaluation process undertaken and seek approval to award contracts to Houston Group of Companies Ltd and DLP Services (Northern) Limited to deliver the year 4 (financial year 2024-25) call-off in connection with Re-Roofing and Associated Works framework.

## Recommendations

The Director of Communities, Housing and Environment is requested to: -

- a) Approve the award of contracts following the call-off carried out as a price only mini-competition for Re-Roofing and Associated Works 2024-25 to Houston Group of Companies Ltd and DLP Services (Northern) Limited. To note that these works with an anticipated expenditure of £3m (£1.5m per contractor) will be carried out in financial year 2024/25, and the contracts will start on the 1<sup>st</sup> August 2024 until 31<sup>st</sup> March 2025.

## What is this report about?

- 1 This report outlines the results of a recent tender exercise to call off from this established framework and seeks approval to award contracts to Houston Group of Companies Ltd and DLP Services (Northern) Limited following the evaluation of the mini competition for the Re-Roofing and Associated Works for financial year 2024/25 (year 4).
- 2 Re-Roofing and Associated Works are an ongoing part of the Housing Capital programme and are funded by the Housing Revenue Account (HRA).

- 3 To ensure value, the framework agreement was set up by Leeds City Council and started in May 2021 to enable price competitions between the four appointed contractors – either for annual work packages, or and for any additional work packages if needed.
- 4 A Key Decision was taken by the Director of Communities, Housing and Environment on the 11<sup>th</sup> March 2024 (reference D57217) to approve the undertaking of a price only mini competition through the framework to enable the Council to achieve greater cost savings. All organisations on the framework agreed to this approach.
- 5 Three contractors on the framework tendered for the work for year 4 and a price only evaluation was undertaken by a Quantity Surveyor in the Commercial Team within Strategy and Investment. For the price evaluation, contractors were requested to complete an Activity Schedule based on a sample of roofing types with sundry requirements for different pre-works surveys. This formed 100% of the price evaluation. The Quantity Surveyor has confirmed that all 3 submissions are arithmetically correct. Full details of the price evaluation of the 3 tender submissions can be found in the confidential Appendix 1 prepared by the Commercial Team.
- 6 Following completion of the price only evaluation, a summary of the results is listed below:

	<b>Organisation</b>	<b>Total Score</b>
1	Houston Group of Companies Ltd	1000
2	DLP Services (Northern) Ltd	589.94
N/A	Contractor 3	528.17

- 7 The two organisations which are recommended to be awarded contracts to deliver Re-Roofing and Associated Works in financial year 2024/25 are Houston Group of Companies Ltd and DLP Services (Northern) Limited.

### **What impact will this proposal have?**

- 8 The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contracts to the successful bidders. The project team have contact both contractors and they have provided confirmation that they both have the capacity, resources and experience within this operational field of work considered necessary to deliver the service requirement within this financial year. Whilst noting there is a pricing variance between both contractors, given the need to maximise capital programme spend and deliver works in this area in this financial year, the proposal is to award to both contractors.
- 9 Financial due diligence has taken place against the successful contractors who will undertake the scale and scope of the work.
- 10 Contract management plans are being reviewed and will be ready for implementation in June 2024. It is expected that the mobilisation period will require a lead time of between 4 – 6 weeks so the contractors will begin work in August 2024.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 11 This work is strongly aligned to the three pillars at the centre of the Leeds Best City Ambition and will:

- a) Support communities and tackle fuel poverty, improve housing quality and standards.
- b) Promote sustainable and inclusive economic growth.
- c) Reduce carbon through the improved insulation of our housing stock.

12 Investment in these works and the resulting activity contributes to all of the Council's 3 Key pillars as follows:

- a) The re-roofing programme will improve the quality of council housing, reducing the likelihood of water ingress which can result in housing disrepair and the thermal efficiency of housing assets. This improves the living environments for tenants and contributes to improved Health and Wellbeing and reducing health inequalities within communities.
- b) The skills programmes, apprenticeships and employment support provided by the programme will help towards our Inclusive Growth target of supporting businesses and residents to improve skills, helping them into work and into better jobs.
- c) The proposed re-roofing programme will have a positive impact on our Zero Carbon target as loft insulation is improved or installed as part of all new roof replacements. This will make properties more energy efficient and help to reduce carbon emissions.

**What consultation and engagement has taken place?**

Wards affected:		
Have ward members been consulted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

13 A Key Decision for the Re-Roofing and Associated Works framework call-off was approved by the Director of Communities, Housing and Environment on 11<sup>th</sup> March 2024 and Legal, and Procurement colleagues, as well as technical officers from Strategy and Investment have been consulted in the development of this report.

14 The Strategy and Investment team will ensure full engagement with tenants throughout the re-roofing contract.

15 Leaseholder engagement will take place in accordance with Section 20 of the Landlord and Tenant Act 1985 (as amended).

**What are the resource implications?**

16 A due diligence exercise has been undertaken on pricing to ensure that it is viable, comprehensive, realistic, sustainable and offers value for money.

17 The call-off from this framework has been carried out in an open and transparent manner in line with Contract Procedure Rules and the competition has ensured that the Council has obtained best value.

18 The contract value is approximate and is based on the Housing Leeds Investment Strategy, which may have to be revised considering any revisions to the HRA Business Plan in order to allow for external factors which may result in changes to future budgets. No minimum values are guaranteed to the contractors.

19 The resources for the delivery of these capital works are from within the Housing Revenue Account (HRA). It is envisaged that a total spend of £3m in financial year 24/25 will be contracted and incurred from this framework agreement and will be split between the two successful contractors who will deliver these works across the city.

## **What are the key risks and how are they being managed?**

- 20 A contract management plan will be in place for each successful contractor and will provide clear roles, responsibilities, and regular review points during the life of the framework agreements.
- 21 A risk register has been produced and the project team will continue to identify and monitor risks through all stages of the contract, including contract award and mobilisation.
- 22 Notable Risks include:
- a) Contractor is unable to deliver the works due to financial stress. To mitigate this risk, contractors' will be subjected to financial checks prior to the award of contract.
  - b) Contractor is unable to deliver works due to challenges with the supply chain and materials. To mitigate these risks, we will work closely with the contractors to ensure that our works programme is sufficiently resourced and that alternative supply chains can be sourced if necessary.
  - c) Contractor does not perform to expected standards. When the framework contractors were chosen, a clear and detailed performance specification was carried out. This means that the requirements of the Council are clear to each contractor on the framework. Contract managers will work with the successful contractors to ensure that they are ready to deliver to the expected standards from day one of the new call-off order.

## **What are the legal implications?**

- 23 This report is a subsequent decision of a previous Key Decision taken on the 11<sup>th</sup> March 2024 and is, therefore, a Publishable Administrative Decision which is not subject to call-in.
- 24 The tenders have been evaluated in accordance with the evaluation criteria set out in the tender documents of the mini-competition, in that the call-off has been based on price only.
- 25 Appendix 1 of this report is exempt under the Access to Information Procedure Rules 10.4.3. The public interest in maintaining the exemption in relation to the confidential appendices outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and business affairs of the organisations involved.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 26 The alternative options were to:
- a) Do nothing. This was disregarded as the work must be undertaken to ensure Council properties are wind and watertight in line with landlord obligations.
  - b) Allocate the work to Leeds Building Services (LBS) as the Internal Service Provider.
- Allocate the planned works for financial year 2024/25 to the Council's internal service provider Leeds Building Services (LBS). The 2020 procurement key decision set out that LBS would deliver £1m of roofing works per year however they no longer have the internal resources to undertake these works and the full value of work will now be delivered via the framework. To support the LBS growth strategy, they have been allocated an additional £1m of other work which they are resourced to deliver.

## How will success be measured?

27 The programme directly contributes to the achievement of a number of key performance indicators which the Council will use to measure success including:

- a) Providing enough homes of a high standard.
- b) Supporting economic growth and access to economic opportunities. Employment and Skills targets for contractors helps create training and employment opportunities in Leeds.
- c) Providing skills programmes and employment support - creating apprenticeships and other training and employment opportunities through our contracting activity.
- d) All tenderers were required to complete social value plans for evaluation, including Employment and Skills targets when the Re-Roofing and Associated Works framework was originally tendered in 2021. The successful contractors for financial year 2024/25 will be held to their social value commitments through the contract management activity.

## What is the timetable and who will be responsible for implementation?

28 The estimated timetable for implementation is as follows:

Task/Milestone	Date
Contract awarded	June 2024
Mobilisation period	June to Late July 2024
Contract Start date	1 <sup>st</sup> August 2024

## Appendices

- (CONFIDENTIAL) Appendix 1 - Tender Analysis Report

## Background papers

- [D53998 – Reroofing Framework Contract Award](#)
- [D57217 – Authority to Spend/Procure 24/25](#)