

Report of: City Development

Report to: Director of Environment & Housing

Date: 5th August 2014

Subject: Council Housing New Build Scheme: Award of contract following Procurement of East Park Road via the YORBuild 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		
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:		
Appendix number: A – Tender Report Final: Priced tender submissions and evaluation scores.		
Appendix A to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.		

Summary of main issues

1. East Park Road is the first site to be developed under the Council Housing Growth programme and will deliver 32 x one and two bed apartments (for rent to applicants on the Leeds Homes Register), within a 12 month build contract.
2. A robust procurement exercise has been undertaken by Regeneration Services, in conjunction with the Public Private Partnerships and Procurement Unit (PPP & PU) on behalf of Housing Leeds, to procure a contractor via the YORBuild Framework.
3. On the 14th April 2014 tender documentation was issued to six contractors within lots 4, 5 and 6 on the YORBuild Framework.
4. Bid submissions were received from 5 contractors; of these five, four submissions were deemed to be non-compliant following review by the Evaluation Team. Following consultation with Legal and Procurement it was confirmed that these four submissions were indeed non-compliant and could not be considered, and therefore removed from the procurement process.

Recommendations

- 5 It is recommended that the Director of Environment and Housing approves the award of the contract for the construction of 32 new council homes at East Park Road to Geo Houlton, in the sum of £3,006,653.52, permitting the works to commence in August 2014.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award Geo Houlton the contract for the construction of 32 new council homes at East Park Road, Bumantofts.
- 1.2 This recommendation is a result of a procurement exercise using the YORBuild Contractor framework via YORTender system.

2 Background information

- 2.1 East Park Road is the first site to be developed under the Council Housing Growth programme which was approved at Executive Board on 9th January and 17th July 2013.
- 2.2 NPS Leeds (NPS) were commissioned to undertake design works and facilitate the tender of a Design and Construct contract.
- 2.3 Approval under CPR 3.1.8 to procure the East Park Road scheme through lots 4, 5 and 6 of the YORBuild Framework, was given via DDN on 30th January 2014.
- 2.1 An initial 'soft market testing' exercise was undertaken prior to going out to tender, which included those contractors within the appropriate lots (lots 4, 5 and 6) to establish initial interest in tendering for the scheme, and relevant experience of the potential bidders. The results of this exercise provided confirmation that the contractors on the framework in the lots identified had an adequate level of experience in delivering housing schemes.
- 2.2 Prior to going out to tender, a Pre-Bidders Day was jointly facilitated by Regeneration Services, NPS and PPP & PU. This event ensured that potential bidders had a clear understanding of; the key objectives of the scheme; the required unit specification (in particular the requirement for specific U values in terms of air tightness); and of any existing site constraints, to inform their tender submissions.
- 2.6 The invitation to tender was issued on 14th April 2014 with a 6 week tender period. At the request of 3 of the bidders, the tender period was extended by two weeks (due to the original period running over the Easter and May Day Bank Holidays), to 4th June 2014.
- 2.7 Bidders were given the opportunity to attend a Mid-Tender Clarification session held by NPS, PPP& PU and Regeneration Services on the 7th May; this provided an opportunity for bidders to clarify any areas of the tender documentation to assist them in effectively pricing the tender.

- 2.8 A number of clarifications were received from the tenderers during the tender period and a log of responses was published on YORTender. Two key clarifications were regarding the submission of bids based on alternate construction methods and the reduction in the required level of air-tightness. The design and specification produced by NPS was based on a traditional form of construction (Brickwork and Blockwork) to achieve an air leakage rate of no more than 1 m³ / (h.m²), however, the clarifications asked whether alternate method such as Timber Frame construction and a higher air leakage rate (of around 3 m³) would be acceptable. In both instances it was clarified in writing that a tender would be considered non-compliant if it was based on an alternate method of construction or a higher air leakage rate than that specified in the tender documents.

3 Main issues

- 3.1 A procurement exercise was conducted using the YORBuild Framework and was open to those six contractors on the YORBuild Framework (within lots 4, 5 and 6) who had expressed an interest in submitting a tender for the scheme; five tender submissions were ultimately received with one bidder having declined after being invited to tender.
- 3.2 Bidders were required to respond to several quality related questions as set out in the qualitative evaluation criteria. Tenders were scored by a panel comprising of officers from Regeneration Services, PPPU (Senior Technical Manager) and NPS (Associate Director Design and Lead Project Architect), and was overseen and managed by the nominated procurement officer at PPPU. An Officer from Employment and Skills scored the bidders Employment and Skills Plan and Method Statement.
- 3.3 The Price element of the tender was evaluated and checked by the Quantity Surveyor from NPS Leeds Ltd, who confirmed that there were no arithmetical errors.
- 3.4 Following a review of the tender submissions, only one of the five bid submissions was deemed to be a compliant bid, the others having submitted a tender priced on a non-traditional method of construction, and/or which would not meet the required air tightness specification.
- 3.5 A post tender interview/clarification session was arranged with Geo Houlton's as the only compliant tenderer. In line with the Instructions for Tendering, the interview was not scored separately but used to clarify points in their written submission and moderate the evaluation scores of their written response to the quality criteria set within the tender. Various points were clarified to the satisfaction of the evaluation panel and there was nothing within the clarification responses which would have otherwise deemed this tender to also be non-compliant.
- 3.6 As part of the technical checks undertaken by the Quantity Surveyor, alternative construction methods were noted to have been incorporated by the two lowest priced bidders making their tender submissions non-compliant.

- 3.7 Three of the five bidders (including the lowest priced bidder) were noted to have incorporated a higher air leakage rate than specified in the tender making these three bids non-compliant too.
- 3.8 The summary of results of the price submission, and the details outlining why each of the four tender submissions are non-compliant is provided in the confidential Tender Report in appendix A.
- 3.9 The lowest compliant tender submitted was from Geo Houlton, which is less than 1% below the pre tender estimate.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Deputy Leader and Executive Member for Neighbourhoods, Planning and Support Services receive regular briefing updates on the scheme. Local ward members were briefed on scheme proposals at East Park Road, and Local Ward Members and the local community were consulted via a drop in session prior to a planning submission in early September 2013.
- 4.1.2 A communication strategy for the Council Housing Growth Programme has been developed which outlines the process for consulting and engaging with key stakeholders in relation to individual schemes and which will be applied to all the new build schemes delivered under the programme.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality screening has been undertaken and the main outcomes of the screening were that the delivery of affordable housing through the Council Housing Growth Programme, including on the site at East Park Road could have positive implications for equality groups who are economically disadvantaged. The screening form is attached as an appendix to this report.

4.3 Council policies and City Priorities

- 4.3.1 The development of new council housing will address priorities within the City Priority Plan to provide additional affordable housing and to support housing growth.
- 4.3.2 The delivery of 32 new homes at East Park Road will also help to create training and employment opportunities within the local community with a requirement under the contract to deliver outcomes relating to employment and training opportunities.

4.4 Resources and value for money

- 4.4.1 The tender submission by Geo Houlton is less than 1% below the pre tender estimate.

- 4.4.2 NPS have been commissioned to provide post contract services including cost control and contract management.

4.5 Revenue Effects

- 4.5.1 There are no revenue implications associated with this report.

4.6 Legal Implications, Access to Information and Call In

- 4.6.1 PPPU/PU Legal and Procurement colleagues have confirmed that they are satisfied with the recommendation to award the contract to Geo Houlton as the only compliant bid received.
- 4.6.2 The decision on the award of contract following procurement via the YORBuild framework at East Park Road is considered a Significant Operational Decision.

4.7 Risk Management

- 4.7.1 The contract is based upon a Design and Construct form of contract and will be managed by the Regeneration Services Project Officer.
- 4.7.2 NPS have been commissioned to provide post contract services, including cost control and contract management, which will include putting in place a contract management plan with PPPU to manage the delivery of the build programme.

5 Conclusions

- 5.1 A robust procurement exercise has been conducted by Regeneration Services, NPS and PPP & PU using the YORBuild contractor framework.
- 5.2 As part of the procurement process 5 tenders submissions were received.
- 5.3 A compliant bid was received from only one contractor, and it is recommended that the contract to deliver 32 new council homes at East Park Road is awarded to Geo Houlton who submitted the compliant bid.

6 Recommendations

- 6.1 It is recommended that the Director of Environment and Housing approves the award of the contract for the construction of 32 new council homes at East Park Road to Geo Houlton, in the sum of £3,006,653.52, permitting the works to commence in August 2014.

7 Background documents¹

- 7.1 Confidential Appendix A –Tender Report Final, summary of all price tender submissions.

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.