

Report of Head of Property Maintenance

Report to Chief Officer, Civic Enterprise Leeds

Date: 12th February 2014

Subject: To seek authority for Civic Enterprise Leeds - Property Maintenance and Corporate Property Management to carry out a joint procurement exercise with Housing Leeds Construction Services to Procure Housing and Non-Housing Subcontractor Framework Contracts.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- Property Maintenance and Corporate Property Management (CPM) merged in January 2014, to become Leeds City Councils In-house Service Provider (ISP) for non-housing Property Management and the provision of building services. These services are provided to LCC departments such as Children's Services, Adult Social Care, Environment's and Housing, City Development and Strategy and Resources.
- In providing the required services to other LCC departments CPM sub - contract out certain elements of work that Property Maintenance do not provide.
- CPM currently has contracts in place that ensure that the services that Property Maintenance does not currently provide are available to clients at all times. These existing contracts are due to expire on 31.3.14 and it is proposed to apply for Waivers to continue these arrangements to run until 31.12.2014. This will allow time to carry out a full appraisal of sub-contractor requirements for both CPM and Property Maintenance and to also complete a series of procurement exercises jointly with Housing Leeds Construction Services for the services identified in the appraisal and renew existing contracts. It is planned to complete the procurement exercises for existing contracts for award by 01.01.2015 with a further final award on the 31.03.2015 for those work elements that require contracts to secure those services identified in the appraisal.

4. Construction Services (East North East Homes) is Housing Leeds' internal service provider for responsive repairs to the housing stock in the East of Leeds and have recently TUPED back to Leeds City Council as part of Housing Leeds. The majority of works undertaken on housing stock by Construction Services is delivered internally but they manage peaks demands for specialist and multi-trade sub-contractors through existing contracts. These contracts have been extended but will expire on 31.12.14.
5. A meeting was held with PPPU and Procurement Unit on 5.9.2013, and they advised that in line with the Category Management approach that a joint procurement exercise between all three ISP's should take place. This would be the most efficient way of managing the process whilst ensuring the identified resources are secured and will provide best value to Leeds City Council.

Subsequently PPPU and Procurement Unit took a report to the Housing Contracts Board on 24.9.2013 where this approach was approved.

6. This report seeks the authority from the Chief Officer of Civic Enterprise Leeds for Property Maintenance and Corporate Property Management to carry out the aforementioned procurement exercises jointly with Construction Services to establish the necessary Housing and Non-Housing Sub Contractor's contracts.
7. This decision to seek authority to carry out this procurement exercise is a Key Decision and therefore shall go for call in.

Recommendations

The Chief Officer of Civic Enterprise Leeds is recommended to authorise for Civic Enterprise Leeds, Property Maintenance and Corporate Property Management, to a series of procurement exercises jointly with Construction Services to put in place a number of framework contracts for the identified sub contractor requirements.

Purpose of this report

The purpose of this report is to seek authority for Civic Enterprise Leeds, Property Maintenance and Corporate Property Management to carry out a series of procurement exercises jointly with Construction Services to establish a number of Housing and Non- Housing framework contracts for the provision sub-contractors services. It is proposed that all the framework contracts awarded through these procurement exercises will be in place by 01.04.15, and will have a term of 3 years with a possible extension of 1 further year. It is estimated that the annual contract value for the requirements of Property Maintenance and Corporate Property Management will be approximately £6.5 million. The overall annual value for subcontracted work which includes the requirements of Construction Services will be approximately £11 million.

1. Background information

- 2.1 Property Maintenance and Corporate Property Management (CPM) merged in January 2014, to become Leeds City Councils In-house Service Provider (ISP) for non-housing Property Management and the provision of building type services. In providing the required services to other LCC departments CPM subcontract out certain elements of work that Property Maintenance do not provide as per the list below:
 - LCC8778 Decorating (non housing maintenance and repairs)
 - LCC8779 Drainage (non housing maintenance and repairs)
 - LCC8780 Gutter Cleaning (non housing maintenance and repairs)
 - LCC8781 Glazing (non housing maintenance and repairs)
 - LCC8782 Lightning Protection (non housing maintenance and repairs)
 - LCC8783 Metalwork (non housing maintenance and repairs)
 - LCC8784 Roofing (non housing maintenance and repairs)
 - LCC8785 Tarmacadam Ground Works (non housing maintenance and repairs)
- 2.2 These contracts expire on 31.3.14 and it is intended that waivers will be sought in order to continue with these contracts until 31.12.14.
- 2.3 Property Maintenance have identified that certain skills and provision of services needs to be formulised to ensure that they can fully resources the services that clients require and also to be able to grow the business moving forward.
- 2.4 Construction Services (East North East Homes) is Housing Leeds' internal service provider for responsive repairs to housing stock in the East of Leeds and have TUPED back to Leeds City Council as part of Housing Leeds. They carry out some capital works and more recently have taken on-board Adaptations works for the other housing areas.
- 2.5 The majority of works undertaken on housing stock by Construction Services is delivered internally but from time to time to manage peak demand and for certain specialist work streams means that a range of specialist and multi-trade sub-contractors are required to support the business on an ad-hoc basis. These

contracts have been extended but will expire on 31.12.14. Details of the current contracts are listed below:

LCC9195 – ENEh Adaptations Contract
LCC25653 – ENEh Timber Fencing
LCC17460 – ENEh Scaffolding Sub contractors
LCC17600 – ENEh Sub Contractors for roofing (slating and tiling)
LCC17605 – ENEh Sub Contractors for roofing (built up felt/flat) works
LCC17603 – ENEh Sub Contractors for Electrical Works
LCC17184 – ENEh Multi Trades Sub Contractors

- 2.6 Discussions have taken place between all parties and the Procurement Unit who have advised that in line with Council's policies on 'Spending Money Wisely' and Category Management approach that Construction Services, Property Maintenance and CPM 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.

3 Main issues

- 3.1 There are a series of current contracts that exist across all ISP areas that are in the process of expiring and also some areas of work that have no current contractual arrangements, even though there is a requirement for this type of activity. The contracts and contract spends are covered within the relevant category plans for the maintenance of LCC buildings including reactive maintenance, planned repairs and refurbishments.
- 3.2 The contracts will assist and support the expansion of the internal service provision and will cover the ISP work which will provide term maintenance and supplement improvement works including refurbishment schemes for both housing stock and public buildings.
- 3.3 The planned contract development activities that are to be covered within this procurement plan are;
- Tarmac / ground works (phase 1)
 - Drainage (phase 1)
 - Electrical (phase 1)
 - Roofing – slate Inc. Gutter cleaning (phase 2)
 - Roofing – tiles (phase 2)
 - Roofing – asphalt (phase 2)
 - Glazing (phase 2)
 - Multi-trade (phase 2)
 - Painting & decorating (phase 3)
 - Timber fencing (phase 3)
 - Scaffolding (Phase 2)
 - Lightning conductor (phase 3)
 - TV Aerial (Phase 3)
 - Metalwork (phase 3)

- Masonry (phase 4)
- Controlled entry maintenance (phase 4)
- Joinery (phase 4)
- Bricklaying (phase 4)
- Plastering (phase 4)
- Plumbing (phase 4)
- Suspended Ceilings and partition walls (phase 4)
- Void Housing Repairs (phase 5)
- BEMS (phase 5)
- Swimming Pool Maintenance (phase 5)
- Wet floor showers (phase 5)
- Stair lifts replacement and passenger lift repairs (phase 5)
- Disability Ramps (phase 5)

3.4 The contracts will start on 01.01.2015 where current contractual arrangements exist (phases 1-3), and at a later date, current estimate 01.04.2015 where there are no current arrangements (phases 4 and 5).

3.5 The procurements will be staggered in five phases to allow sufficient resource input to such a large scale of procuring contracts and will implement the approach agreed by senior officers at a meeting on 05.09.2013 addressing the following:

- Align three previously separate departments' contracts into one approach and through one strategic procurement exercise.
- Align existing contracts through a combination of extensions and waivers to expire on the 31.12.2014, and allow all new contracts to start from 01.01.2015 to 1.4.2015.
- For all work where there are no current contractual arrangements, these will be procured through a series of procurements in the latter phases.
- It is intended to review and where possible align ways of working by reviewing all departments and agreeing an approach that will deliver best value for Leeds City Council.
- It is anticipated that Small and Medium Enterprises (SME's) will be encouraged to apply for the contracts to offer a direct service to LCC ISP's, rather than have a 'managed service' approach
- The procurements will utilise the restricted route and some via OJEU where appropriate.
- Framework contracts will be used to give flexibility and allow for an element of mini-competition where work reaches a given financial value.
- All awarded contracts will support the services provided by both Civic Enterprise Leeds and Construction Services.

- TUPE will be considered as part of the procurement process and dealt with accordingly.
- The contracts will be managed independently by teams within the relevant departments.
- The procurements will run in 5 phases to ensure that resource capacity is not over stretched.
- Market sounding exercises will be conducted prior to the start of the procurement process.

4. Corporate Considerations

4.0.1 It is anticipated the contracts, once awarded, will be fully compliant, offering value for money and will provide the following benefits:

- Support for the local economy through encouragement of SME's in the process and if possible within the awarded contracts.
- Establishment, where appropriate, of apprenticeships, training and additional local labour (through the employee toolkit).
- Statutory requirements to provide the services as landlord to housing and non - housing properties and also a duty of care to ensure buildings are safe.
- The outcomes will contribute towards the quality of living within Leeds.
- Provide a consistency of services which is paramount to maintaining service delivery.
- Ensuring that works can be placed with sub-contractors and then paid for efficiently and transparently.

4.1 Consultation and Engagement

4.1.1 Housing Leeds will where necessary consult with Leaseholders as part of this exercise.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 It is not considered that the content of this report or the recommendations made will have any impact on any specific impact on individuals or groups in terms of equality, diversity, cohesion and integration. The contract for these types of services will ensure that resources with the relevant technical knowledge, competency, and experience will continue to provide services for Leeds City Council and therefore will deliver benefits to all.

4.3 Council policies and City Priorities

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such this proposed procurement exercise will be carried out in line with Leeds City Council's policies and procedures.
- 4.3.2 The proposals within this report will contribute to the continued delivery of the management of buildings and the building services requirement for Leeds City Council (housing and non-housing).

4.4 Resources and value for money

- 4.4.1 If the authority to procure is approved the procurement exercises will be designed not only to test the market for sub – contractors with the relevant technical knowledge, competency and experience but also those who can enhance the services already provided to Leeds City Council. This will also provide a benchmark and market test for value for money for the provision of the services to be provided.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Any tender exercise resulting from this approval will be advertised through the Council's electronic tendering system (YORtender) and the European Journal for European Union as required by the European regulations.
- 4.5.2 This decision will be eligible for call in, due to it being a key decision under the Council's scheme of delegation relating to the combined contract value.

4.6 Risk Management

- 4.6.1 Any future tendering risk will be managed by the usual contracting process by the Procurement Unit. The contract risks will be monitored once any of the contracts are in place.

5 Conclusions

- 5.1 Following an agreed approach by senior officers at a meeting on 05.09.2013 for the implementation of Housing and Non Housing Sub – Contractor framework contracts for Property Maintenance, CPM and Construction Services, it is considered appropriate to authorise a series of procurement exercises to put in place the contracts for the identified sub – contractor services mentioned in this report.
- 5.2 Once procured the frame contracts will assist in providing both statutory and non-statutory services and ensure that future services and resources are readily available.

6 Recommendations

- 6.1.1 It is recommended that the Chief Officer of Civic Enterprise Leeds gives authorisation for Civic Enterprise Leeds, Property Maintenance and Corporate Property Management to carry out a joint procurement exercise with Construction

Services to put in place a series of framework contracts for the identified sub-contractor requirements.

7 Background documents

None