



Report of Capital Programme Manager

Report to Director of Resources and Housing

Date: 1st April 2018

Subject: Call offs from the Kitchen Bathroom and Rewires and Isolated Rewires frameworks for 2018/19 housing planned works

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s): All Wards		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

- 1 In September 2017 the Director of Resources and Housing approved the appointment of three contractors for the Kitchen Bathroom Rewires and Isolated Rewires framework agreement. The framework agreement commenced 1st April 2018 and is for a period of 4 years. The agreement has a total value of approximately £8 million per annum.
- 2 It is anticipated the 3 appointed contractors under the framework will deliver works each year, of an estimated £3.6m, £2.1m and £2.1m with works starting from 1st April.
- 3 As noted in the award reports, and in line with the Council constitution and Contract Procurement Rules, a key decision is needed to authorise the call off of the annual works under each framework and choose the contractors to be used to deliver the works in line with the selection procedures.
- 4 The call offs and selection of contractors will enable the delivery of planned Kitchens Bathrooms and Rewires and Isolated Rewires under the housing capital programme for 2018/19, funded by the Housing Revenue Account (HRA).

Recommendations

It is recommended that the Director of Resources and Housing:

Approves the call off from the Kitchen Bathroom Rewires and Isolated Rewires framework contract for up to a total of £8m for the financial year 2018/19 (year 1) work, to the contractors ranked first, second and third in the tender evaluation in line with the agreed selection process for year 1 works:

- Engie UK – up to £3.6m of works
- Kier Services Limited – up to £2.1m of works
- Mears plc – up to £2.1m of works

In addition it should be noted that the internal service provider Leeds Building Services (LBS) will be carrying out Kitchen Bathroom Rewires and Isolated Rewires, which can be citywide, to an estimated value of £4.0m.

Purpose of this report

This report seeks key decisions to approve the call off from the new framework agreements for contractors to deliver the annual planned works in relation to Kitchen Bathroom Rewires and Isolated Rewires under the housing capital programme for 2018/19.

1. Background Information

Planned works are the undertaking of required renewals and maintenance works that have been planned in advance and included in a works programme e.g. Kitchen Bathroom Rewires Replacements and Isolated Rewires as appropriate to our circa 53,500 council homes

A Key Decision was taken by the Director of Environment and Housing in October 2016 to approve the procurement strategy and the overall scope and budgets for contracts to deliver planned investment to council housing stock. As a result of this three new planned works framework agreements have been openly advertised and procured using a restricted procedure to shortlist bidders.

The Director of Resources and Housing approved the award of contracts to three contractors for the Kitchen Bathroom Rewires and Isolated Rewires framework agreement. The contractors are as follows:

Contract DN212601 for planned investment works to Council housing stock in relation to Kitchen Bathroom Rewires and Isolated Rewires
<ul style="list-style-type: none"> • Engie UK • Kier Services Limited • Mears plc

In addition the internal service provider Leeds Building Services (LBS) will be carrying out Kitchen Bathroom Rewires and Isolated Rewire Work, which can be citywide, to an estimated value of £4m per annum.

The framework agreement commences 1st April 2018 and is for a period of 4 years. The agreement has a total value of approximately £8 million per annum.

Further information about the procurement of the framework agreement can be found in the background documents.

To maintain competition within these frameworks they have been set up to anticipate that one of the three appointed contractors under the framework will deliver less work in consequential years, based on performance against Key Performance indicators, in the second and subsequent years of the contract.

2. Main Issues

- 2.1. To take forward works each year a key decision to call off from each framework is required, which is itself a separate decision under Contract Procedure Rules.

The selection procedure for year 1 works (2018/19 spend) under the framework specified that the bidders ranked first, second and third place according to competitive framework award process would be selected to deliver works. The evaluation process involved was based on both price and quality considerations.

For the Kitchen Bathroom Rewires and Isolated Rewires framework, as set out in the tender and award report (see background documents), these are:

- Engie UK
- Kier Services Limited
- Mears plc

The recommended contractors for year 1 works will subsequently be asked to price the specific works to be undertaken (based on the rates and prices submitted at framework level) and submit this with their delivery plans for agreement prior to the approval and award of their annual contracts.

Please note that for each subsequent years' works (2019/20 onwards) the agreed selection process for contractors is by running a competition between the three contractors on each framework. Those ranked first and second place following that competition will be selected to deliver more works for that financial year. Contractors will compete on Key Performance Indicators during these annual competitions and will be required to comply with the technical and quality requirements of the framework agreement including their method statements submitted at framework award. This may mean that the same or different contractors undertake differing values of works each subsequent year.

3. Corporate Considerations

3.1. Consultation and Engagement

- 3.1.1. Please see the background documents in relation to the consultation and engagement involved in the development and undertaking of the procurement of the framework contractors.
- 3.1.2. During the mobilisation period discussions will be progressed in relation to TUPE workforce information has been provided and, in ongoing consultation with trade unions, the workforce information was shared with all bidders who signed a confidentially agreement.
- 3.1.3. Legal, procurement and finance colleagues have all been consulted in the development of this report.

3.2. Equality and Diversity / Cohesion and Integration

- 3.2.1. There are no equality and diversity or cohesion and integration issues related specifically to the framework call offs for Kitchen Bathroom Rewires and Isolated Rewires

3.2.2. Please see the background documents in relation to the ECDI assessment and actions related to the procurement of the frameworks and contract mobilisation and management.

3.3. Council Policies and Best Council Plan

3.3.1. Investment these planned works and resulting activity contributes to a range of Best Council Plan objectives, including:

3.3.2. 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.

3.3.3. Supporting economic growth and access to economic opportunities – using Leeds Building Services and including Employment and Skills targets for contractors helps create training and employment opportunities in Leeds.

3.3.4. Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through our contracting activity.

3.3.5. All tenderers had to complete social value plans for evaluation, including Employment and Skills targets. More information is provided in the background documents.

3.3.6. The successful contractors for 2018/19 will be held to their social value plan commitments through contract management activity.

3.4. Resources and value for money

3.4.1. The resources for delivery of these capital works are from within the Housing Revenue Account and associated balances and reserves. The 2017/18 to 2019/20 capital programme was presented and injected into the capital programme by full Council on 22 February 2017. The Housing Leeds Refurbishment programme resources available amounted to £241.5m of which £81,478.3k was for 2017/18. Outturn at March 2018 was £69m which left a carry forward to 2018/19 of £111.5m.

3.4.2. Following discussion with capital finance colleagues these works are within the planned scope of the 2017/18 to 2019/20 capital programme. The 2018/19 to 2020/21 programme was approved at the full Council meeting on 21 February 2018 with £256.5m resources allocated to Housing Leeds across the three years, £77m of which is within 2018/19. A report in March to the Director of Resources and Housing requested the authority to spend on the Housing Leeds Refurbishment 2018/19 programme.

3.4.3. The framework agreements were competitively tendered during 2017 to provide value for money alongside quality considerations. More information can be found in the background documents, including expected savings from the new arrangements.

3.4.4. The selection processes under the Kitchen Bathroom Rewires and Isolated Rewires framework were also designed to introduce additional competitiveness between the contractors.

3.5. Legal Implications, Access to Information and Call In

3.5.1. This report is a Key Decision and is therefore subject to call in.

3.5.2. Each year's work for each contractor requires a separate contract award in line with the NEC3 framework approach.

3.5.3. The selection process for contractors under the new framework is set out in each framework's contract documentation. The recommendations of this report are in line with this process.

3.6. Risk Management

3.6.1. The procurement of the framework agreements was undertaken in accordance with the Regulations and the Council's Contracts Procedure Rules, with full guidance and support from the PPPU. Notable risks and their mitigation were set out in the tender and award reports (see background documents).

3.6.2. Work is progressing to make sure that there is an appropriately planned and resourced contract mobilisation and management activity, with clear roles and responsibilities, between now and works starting from April 2018 for a successful and smooth start to new contractual relationships and their performance management. Activities include the management of risks related to any TUPE workforce, working with the incumbent provider and new contractors and trade unions.

4. Conclusions

The procurement process undertaken for the frameworks has been in accordance with the Regulations and the Council's Contracts Procedure Rules, with full guidance and support from the PPPU.

These call offs from the frameworks are in line with the selection process of the frameworks, and supported by PPPU.

The call offs and selection of contractors will enable the delivery of planned Kitchen Bathroom Rewires and Isolated Rewires works under the housing capital programme for 2018/19, funded by the Housing Revenue Account (HRA).

5. Recommendations

It is recommended that the Director of Resources and Housing:

5.1.1. approves the call off from the Kitchen Bathroom Rewires and Isolated Rewires framework contract for up to a total of £8m for the financial year 2018/19 (year 1) work, to the contractors ranked first, second and third in the tender evaluation in line with the agreed selection process for year 1 works:

- Engie UK – up to £3.6m of works
- Kier Services Limited – up to £2.1m of works
- Mears plc – up to £2.1m of works

6. **Background documents**¹

<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=44748>

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.