

Report of: Head of Responsive Repairs, Voids & CPM

Report to: Director of Resources & Housing

Date: 12th September 2018

Subject: Report seeking approval to award a contract for multi trade works to support the Council in delivery of its strategic obligations of preventative maintenance and strategic disrepair prevention activity

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" 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 A – Confidential under Access to information Rule 10.4.3	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary of main issues

1. Leeds City Council has a need to procure additional multi-trade contractor capacity to support it in the delivery of its strategic obligations of preventative maintenance and disrepair prevention activity. Currently this service is provided under the general repairs and maintenance contract; however additional resource is required to supplement this due to the need for additional capacity to manage workflow.
2. It is anticipated that the additional contractor capacity may carry out works up to £1m during the initial 12 months of the agreement. The contract will have an option to extend the agreement for a further 12 months subject to satisfactory contractor performance to maximise service delivery for the Council in line with available budget provision.
3. The Council have undertaken a procurement exercise via the YORbuild2 framework and invited all interested parties to submit a tender for consideration and evaluation.

Recommendations

The Director of Resources & Housing is requested to approve the tender evaluation process and the proposed award of a contract to Engie for an initial period of one year from 1st October 2018, with an option to exercise a further one year extension, subject to satisfactory contractor performance.

1. Purpose of this report

- 1.1 To report on the procurement process used to identify additional multi-trade capacity to address the high volume of repairs and support the Council in the delivery of its strategic obligations of preventative maintenance and strategic disrepair prevention activity.
- 1.2 To seek approval to the award of a contract as a key decision to the preferred bidder to provide contractor resources to support the Council in the delivery of its strategic obligations of preventative maintenance and strategic disrepair prevention activity.

2. Background information

- 2.1 Leeds City Council handles a high volume of repairs, in order to reduce risk and to improve outcomes for tenants it has been determined that more than one contractor should be commissioned to deliver the works.
- 2.2 A strategic review is underway to determine how this activity aligns with the wider repairs and voids functions and with the longer term responsive repairs strategy.
- 2.3 A procurement exercise has been undertaken in the interim and through this a preferred bidder has been identified to deliver works and support the Council in delivering its preventative repairs strategy.

3. Main issues

- 3.1 An initial appraisal was undertaken with input from key officers in the service, Procurement and Quantity Surveyors in Property and Contracts to determine the most appropriate procurement route for this type of work. Frameworks such as Efficiency North and YORbuild2 were assessed for relevance and compatibility.
- 3.2 Based on an initial expression of interest to both approved frameworks it was determined the YORbuild2 framework was the most appropriate. The Council's in house provider currently does not have capacity to manage / undertake these works.
- 3.3 An expression of interest was issued to the 8 companies of YORbuild2 Lot 3. Initially 3 companies responded positively: Geo Houlton & Sons, Interserve and Engie. Houlton withdrew prior to tender documents going out due to capacity issues and Interserve withdrew during the tender period due to concentrating on school works during the summer holiday.
- 3.4 Interested parties were invited to a bidder's day at Navigation House that was used to clarify the tendering process and any matters of clarification on the tender documentation. This was attended by the disrepair service area, project Quantity Surveyor and procurement officer. This provided bidders with an opportunity to discuss the tender documents issued, meet the team who would manage them and discuss the general requirements of the process. During this meeting Engie stated they would require in the region of a two to four week mobilisation period before accepting orders to carry out the works, but other than that confirmed their

satisfaction and understanding of the process and Council need having carried out similar works in 2015/16.

- 3.5 After the tender submission deadline of 12 noon on 16th August 2018, one tender submission was received via YORtender, from Engie. This company delivered a comparable service from October 2015 to October 2016.
- 3.6 As agreed previously with the service tender submissions were assessed on a 100% price basis. As agreed with the service bidders were required to price against the 300 most common repair rates used in this type of works.
- 3.7 The QS team then compared the priced schedule with current costs. The schedule of rates from the submission received was deemed to be comparable with what the Council is currently paying and provides value for money and additional contractor resources. Attached as a confidential appendix is the detailed evaluation by the QS team of the tender submission.
- 3.8 The estimated spend of up to £1m per annum is on the forward plan but has not had a key decision prior to tender out, accordingly this evaluation report will act as the key decision and be subject to call in.
- 3.9 The contract was procured using an NEC3 Term Service Contract due to the nature of the works.

3.9 Consultation and engagement

- 3.9.1 The project team brought together to deliver this procurement consisted of officers from the Property and Contracts Disrepair function, as well the Quantity Surveyor team and specialist procurement officers within Housing Leeds. In addition officers within the Procurement and Commercial Services Team who manage the YORbuild2 framework and those from the Legal and Commercial team were actively involved and consulted.

3.10 Equality and diversity / cohesion and integration

- 3.10.1 An impact assessment has been completed and attached.

3.11 Council policies and best council plan

- 3.11.1 This procurement and resulting work will contribute to the following Best Council Plan objectives:
 - 3.11.1.1 **Good growth** – Growing the economy, creating jobs, improving skills, promoting a vibrant city.
 - 3.11.1.2 **Housing**- Contribute to an increase in the percentage of council housing repairs completed within target.

3.12 Resources and value for money

- 3.12.1 This procurement and the works to be delivered by the identified contractor are funded by a combination of Capital and Revenue funding. No funding injection into the capital programme is required for this contract.

3.12.2 Contractor performance will be managed by the disrepair team. The tender documents and subsequent contract will include the following key performance indicators that the successful contractor will have to adhere to:

- Contractor to make contact with the customer within 48 hours of receiving order.
- Within 10 working days contractor to attend site to undertake pre site meeting with customer.
- Works to commence within 20 working days of receiving order.
- Works order to be completed within 56 working days of receiving order.
- Following post inspection, any snagging items to be returned for re-inspection within 10 working days.

3.13 Legal implications, access to information, and call-in

3.13.1 The procurement route identified is in compliance with Contract Regulations and Contracts procedure Rules.

3.13.2 This report is a key decision as the proposed contract is greater than £250k. It has been published on the Forward Plan of Key Decisions for the requisite number of days.

3.14 Risk management

Key areas to monitor and potential areas of risk are:

3.14.1 Establishing a robust working relationship with Engie and creating open lines of communication.

3.14.2 Ensuring the contractor are managed effectively with appropriate consideration given the legal and evidence issues related to this contract. The KPIs are identified in detail above at 3.12.2

4. Conclusions

4.1 The procurement exercise undertaken has identified additional multi-trade preventative maintenance contractor capacity to assist the Council with its strategic disrepair prevention activity.

4.2 The current provider who is working city wide is aware of this procurement and will not be covering these works in the east area of the City from 1st October 2018.

4.3 This contract will be for a period of one year, 1 October 2018 to 30 September 2019, with an option to exercise a further one year extension to 30 September 2020, subject to satisfactory contractor performance. During this period a long term preventative maintenance procurement strategy will be developed.

4.4 Whilst noting only one tender was received for this work, a financial review of their priced schedule of rates indicates that it provides value for money and additional contractor resources.

4.5 The proposed contractor has also previously delivered similar works for the City previously between October 2015 and October 2016 and they have indicated that they will provide a dedicated team to support this contract.

5. Recommendations

5.1 The Director of Resources & Housing is requested to approve the tender evaluation process and the proposed award of a contract to Engie for an initial period of one year from 1st October 2018, with an option to exercise a further one year extension if required; subject to satisfactory contractor performance.

Background Documents