



Report of Capital Programme Manager

Report to Director of Resources and Housing

Date: 14 November 2018

Subject: Call off from the Re-roofing and Associated Works framework for contractors to undertake 2019/20 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. Authority is requested to undertake a call off from the council's housing Re-roofing and Associated Works framework agreement in order to carry out a competition exercise to select and subsequently appoint two contractors to undertake planned works in 2019/20.
2. Re-roofing and associated works to residents' properties as required are an ongoing part of the housing capital programme, funded by the Housing Revenue Account (HRA).
3. The current estimated value of works in 2019/20 to be undertaken by external contractors is approximately £4m. This is higher than the estimated £2m originally foreseen following a recent review of works needed to housing stock.
4. The Re-roofing and Associated Works framework agreement was procured during 2017 - it commenced 1st April 2018 and is for a period of 4 years. The framework contains four contractors with no guarantee to them of work. The annual contracts for works are expected to be placed with two contractors each year following a selection procedure that involves a price competition.
5. In line with the Council's Contract Procurement Rules (3.1.6), a separate decision is needed to authorise the call off of these works under the framework and thus choose the contractors to be used to deliver works from 1st April 2019. The decision on contractor selection leading to contract awards will be a resulting Significant Operational Decision.

Recommendations

6. It is recommended that the Director of Resources and Housing approves the call off from the Re-roofing and Associated Works framework agreement for approximately £4m for

the financial year 2019/20 (framework year 2) for housing planned works, leading to the resulting allocation of work and annual contracts in line with the selection procedure.

1. Purpose of this report

1.1. This report seeks approval to call off from the Re-roofing and Associated Works framework agreement for contractors to deliver the annual planned works under the housing capital programme for 2019/20.

2. Background Information

2.1. 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. kitchens, windows, or roofs as appropriate to our circa 53,500 council homes (including leasehold but excluding PFI & BITMO homes).

2.2. Re-roofing and associated works to residents' properties as required are an ongoing part of the planned works within the housing capital programme, funded by the Housing Revenue Account (HRA).

2.3. The current estimated value of works in 2019/20 to be undertaken by external contractors is approximately £4m. This is higher than the estimated £2m originally foreseen following a recent review of works needed to housing stock.

2.4. A four year framework agreement has been created for housing planned works related to Re-roofing and Associated Works (contract DN234444), for works from April 2018 onwards, following an openly advertised OJEU compliant competitive procurement exercise. The four contractors in this agreement - chosen as best value for money following a quality and price evaluation - are:

- A Connolly Ltd
- Liberty Group
- DLP Services (Northern) Ltd
- Mears Limited

2.5. To maintain competition within the framework it was set up to anticipate that two of the four appointed contractors under each framework will deliver two packages of work each year, of an estimated 50% of the works each, with these starting from 1st April.

2.6. During the first year of the contract A Connolly and Liberty have been delivering works. Both contractors have delivered works well and achieved key performance requirements to date. We now need contractors for year two.

2.7. The framework sets out a clear selection procedure to be followed to identify contractors for the two annual packages of work, as well as providing for a process for any additional packages to be put out to mini-competition if needed.

3. Main Issues

3.1. In line with Contract Procedure Rule 3.1.4, Leeds Building Services as an in house service provider have been consulted and will manage the works, using external contractors under the existing bespoke framework agreement, as well as delivering some works directly.

3.2. Contract Procedure Rule 3.1.6 clarifies that a call off from a framework is not treated as a consequential decision of setting up that agreement, and thus is a separate decision. Given the value involved (which can be met under the Housing Revenue Account and

associated balances and reserves pending the annual budget decision), this call off for annual planned works from the framework is a key decision.

3.3. The framework was set up with a clear selection procedure for year 2 works (2019/20 spend) onwards. This is noted below.

For subsequent years (years 2, 3 and 4 of the framework), Contractors will review and re-submit the Pricing Schedule, which will be evaluated (on a price-only basis) and ranked by the Employer. The two framework Contractors that are ranked first and second place according to their revised Pricing Schedule will be selected to deliver works for that financial year.

It should be noted that in evaluating costs, the Employer will consider the viability of the price submitted. If the Employer believes the cost is abnormally high or low, they will seek clarification to understand further the basis of the price submitted. If clarification does not satisfy their concerns, the Employer reserves the right to discount the proposal from further evaluation. It should be noted that prices cannot be altered after they have been submitted.

Following completion of the evaluation as detailed above, if the second placed Contractor is about to be awarded one of two Work Packages, the Employer shall analyse the second placed Contractor score against the highest scoring submission. If the second placed Contractor overall score is more than 15% lower than the overall score of the highest scoring submission the Employer reserves the right to award both Work Packages to the highest scoring submission.

3.4. We plan to take forward the call off in line with the selection procedure to identify the two contractors (or possibly just one if there is large difference in the prices as set out above) for the 2019/20 works.

3.5. These contractors will then each price for half the approximately £4m of works, and submit their quotations and delivery plans for agreement, prior to award of the annual contracts.

3.6. These contractors will continue to be required to comply with the technical and quality requirements of the framework agreement including their method statements submitted at framework award.

4. Corporate Considerations

4.1. Consultation and Engagement

4.1.1. Appropriate consultation and engagement was previously undertaken for the development and procurement of the framework agreement, including in relation to tenants and leaseholders (see the framework award report background document for details).

4.1.2. Where leaseholders will be receiving specific works to their properties in 2019/20 by the agreed contractors, further consultation will be undertaken in line with legal notices required under the Leasehold Consultation Requirements (England) Regulations 2003.

4.1.3. Leeds Building Services as in house service provider, as well as legal, procurement and finance colleagues have all been consulted in the development of this report.

4.2. Equality and Diversity / Cohesion and Integration

4.2.1. There are no equality and diversity or cohesion and integration issues related specifically to the framework call off for re-roofing and associated works activity. An ECDI screening is attached.

4.2.2. Of note is that an Equality, Diversity, Cohesion and Integration (ECDI) assessment was completed for the competitive procurement of this and two other planned works frameworks and informed the requirements we place on these contractors, such as in relation to the contractors' Resident Liaison Role. This, and the completed Privacy Impact Assessment, also informed how we make sure appropriate resident information is provided to contractors in a safe and secure way.

4.3. Council Policies and Best Council Plan

4.3.1. Securing contractors for the delivery of the works is being taken forward in line with the Council's Contract Procurement Rules.

4.3.2. Investment in these planned works and resulting activity contributes to a range of Best Council Plan priorities and outcomes, including:

- Housing – of the right quality, and everyone in Leeds to live in good quality affordable homes. 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.
- Inclusive Growth - Supporting growth and investment, and supporting businesses and residents to improve skills, helping people into work and better jobs. By Employment and Skills targets for contractors to create training and employment opportunities in Leeds.

4.3.3. For the framework all tenderers had to complete social value plans for evaluation, including Employment and Skills targets. These include a commitment to training days and workshops and work experience opportunities, and a 100% commitment for all job vacancies to be through Employment Leeds. As well as in-kind or funding support for works of community led organisations – here our focus is contractor support to help homeless people in Leeds.

4.3.4. The successful contractors for 2019/20 will be held to their social value plan commitments through contract management activity.

4.4. Resources and value for money

4.4.1. The resources currently allocated for delivery of these capital works are from within the Housing Revenue Account and associated balances and reserves, which already has authority for spend. In addition, a report in March 2019 to the Director of Resources and Housing will request the authority to spend on the Housing Leeds Refurbishment 2019/20 programme.

4.4.2. The 2018 to 2021 capital programme was approved by full Council on 21 February 2018. The Housing Leeds Refurbishment programme resources available amounted to £261.6m of which £78.7m was for 2018/19. Current projections to outturn March 2019 are estimated at circa £70.0m which will leave a carry forward to 2019/20 of £8.7m.

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

4.4.4. The selection processes under the Re-roofing and Associated Works framework was designed to introduce additional competitiveness between the contractors. The form of

contract to be used with each contractor is NEC3 ECC Option A, so a price and programme is agreed for works at the beginning of the year, enabling robust contract management of any agreed changes to this.

4.5. Legal Implications, Access to Information and Call In

- 4.5.1. This report is a Key Decision and is therefore subject to call in.
- 4.5.2. The annual call-off for each year's work for each contractor requires a separate contract award in line with the framework approach.
- 4.5.3. The selection procedure for contractors under the new frameworks is set out in each framework's contract documentation and an extract provided in section 3. The recommendations of this report are in line with this process.

4.6. Risk Management

- 4.6.1. The procurement of the framework agreement was undertaken in accordance with the Regulations and the Council's Contracts Procedure Rules, with full guidance and support from procurement, commercial and legal experts.
- 4.6.2. The selection procedure to call off from the framework for 2019/20 works is being taken forward in line with the process set out in that framework to minimise the risk of any challenge or issues arising.
- 4.6.3. The sum being externally contracted is higher than the estimated £2m originally foreseen, however remains within the indicative value of the overarching framework agreement, and all framework contractors have the opportunity to bid for works. Works are also delivered in a programmed fashion, with a limit on the number of properties open at any one time to reduce exposure to risk.
- 4.6.4. Following a review it has been recognised that TUPE may apply, between the two current contractors for 2018/19 works and new ones. Therefore we are following the appropriate approach, including asking the current contractors for TUPE workforce information, and making sure this is clear to contractors as part of the selection procedure activity.
- 4.6.5. The contractors will be managed in line with the contract and the contract management plan to manage and mitigate risks during operational delivery. Significant risks include failure to achieve programmed numbers of properties or agreed budgetary spend. Activities include:
 - 4.6.5.1. holding Progress and Operational Monthly Meetings with contractors; using Project Manager Instructions and either party issuing Early Warning Notices when appropriate, and keeping good records;
 - 4.6.5.2. reviewing risks – including at the monthly contractor meetings - and updating risk registers monthly, or more frequently dependent upon events on site, in line with The Housing Leeds Risk Management Framework;
 - 4.6.5.3. making sure risk reduction meetings are held if needed, and logging and following up of actions and outcomes; and
 - 4.6.5.4. capturing lessons learned and sharing these to maximise benefits.

5. Conclusions

- 5.1. The planned procurement process to be undertaken for the call off from the framework is in accordance with the Council's Contracts Procedure Rules, with guidance and support from housing procurement experts and legal advice from Procurement and Commercial Services.
- 5.2. It is also in line with the selection procedure of the framework.
- 5.3. The call off and selection of contractors will enable the delivery of planned re-roofing and associated works under the housing capital programme for 2019/20, funded by the Housing Revenue Account (HRA).

6. Recommendations

- 6.1. It is recommended that the Director of Resources and Housing approves the call off from the Re-roofing and Associated Works framework agreement for approximately £4m for the financial year 2019/20 (framework year 2) for housing planned works, leading to the resulting allocation of work and annual contracts in line with the selection procedure.

7. Background documents¹

- 7.1. [Re-roofing and Associated Works Tender Evaluation and Award Report](#) (December 2017 – for the framework agreement)

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.