

Report of Chief Officer Property and Contracts, Housing Leeds

Report to Director of Resource and Housing

Date: 17th December 2018

Subject: Tender evaluation results and Contract Award for Asbestos Surveying services for the city

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number 1 Access to information rule 10.4.3:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary of main issues

1. The Council currently has an existing contract with one provider that has been extended until 31st March 2019, this was done in order to enable the council to procure a new service that would deliver two contractors and therefore increase available capacity.
2. The Compliance Team within Property and Contracts are seeking to reconfigure the Asbestos service in the city, based on work streams. The Council's Internal Service Provider (LBS) will still undertake the majority of the asbestos surveys required in void properties. LBS are offered all of the work for void properties in the first instance and only when they do not have the capacity, at their request, will the work be given to the external contractors.
3. It is proposed that works will be split with the two proposed new contractors with a 50/50 split of the city.
4. This report demonstrates the process undertaken results from a recent procurement exercise utilising the Efficiency North framework, and seeks approval to award contracts to two contractors.

Recommendations

1. The Director of Resources and Housing is recommended to note this tender evaluation report and approve the award of the Asbestos Surveying Services Citywide contract to the two contractors listed below for the period 1st April 2019 to 31st March 2022
 - McHale Contracts & Plant Environmental LLP (Trading as MCP Environmental)
 - Environtec Ltd
2. The Director of Resources and Housing is asked to note that the estimated contract value over the 3 year contract period is £1.9m (£650,000 per annum) and that planned works will be allocated to the 2 contractors proposed for award on a 50/50 even share per annum, subject to satisfactory performance.

1. Purpose of this report

- 1.1 The purpose of this report is to document the procurement process undertaken, including how tenders were evaluated and which two preferred contractors are proposed to be appointed for the initial 3 year term of this contract.

2. Background information

- 2.1 At this moment in time Housing Leeds use Leeds Building Services (LBS) to survey void properties in the whole city. It has one contractor to cover other asbestos survey works in the city. In the financial year 2017/18 year LBS undertook 813 void survey and McHale Contracts and Plant (MCP) under took the shortfall which was 650 surveys, owing to LBS's resources.

- 2.2 LBS only undertake surveys to void properties within their capacity, they also undertake surveys in civic building and schools so have limited capacity to undertake the required volume of surveys. The majority of surveys are required to tenanted properties. In addition to the void surveys above MCP under took the following:

Type of Survey	No of Survey	Estimated Cost
Revenue Surveys	1127	£358,434.00
Planned Capital Surveys	6827	£451,394.00
Total	7954	£809,828.00

- 2.3 Consideration has been given to expanding the LBS workforce but was not deemed to be viable due to the unpredictable nature of the frequency of works. Therefore the recommended approach adds resilience to the service and allows LBS to operate at full capacity.
- 2.4 The council extended the current contract until end March 2019 in order to help with potential ICT matters around CIVICA and to also allow the Asbestos team and

Procurement sufficient time to carry out a comprehensive new procurement of the service.

- 2.5 The procurement strategy report as required under CPR 3.1.8 in order to invite external competition was approved in July 2018, with an effective date of decision from 26th July 2018. This report considered appropriate procurement options and approved the use of the Efficiency North Framework as the manner in which to proceed with an external procurement competition. This report also acted as the Key decision under the Constitution.
- 2.6 As part of the procurement strategy report at 7.2 reference was made to the option to consider WYJS for this additional works. Whilst noting that WYJS are currently successfully delivering Bulk ID and Air monitoring works to the value of £100k to £115k per annum for Leeds. However, in terms of the larger asbestos surveying needs as covered by the proposed procurement it was noted that this would be competing against our own ISP (LBS), but more that currently WYJS are still in the early stages of development of the provision of a surveying services and currently do not possess the required resources or skills to deliver this critical compliance related work.

3. Main issues

- 3.1 Due to the nature of the work there was a risk with the council only having one supplier with potential to result in issues such as lack of capacity or should the company go out of business this would leave the council vulnerable to their obligations to council tenants
- 3.2 Leeds Building Service (LBS) were consulted as part of the procurement strategy, and confirmed that they are working to capacity. In order to supplement the capacity of the Internal Service Provider, provide resilience within the service and ensure that the programme can be delivered, the decision was taken to go out to tender using the Efficiency North Framework.

When LBS is in a position to take on more work, this procurement strategy is flexible in its appropriation of work to contractors and the Internal Service Provider. Therefore no minimum values are being guaranteed to any contractors, and the contract allows for flexibility around values and volumes of work during the contract period. This will ensure that LBS can continue to operate at capacity, being supplemented by external contractors at their request when required.

- 3.3 This procurement strategy supports the growth strategy for LBS, which is looking to improve efficiencies and productivity within the asbestos surveying area, ensuring that the service is supported in continuing to maintain or improve the level of works delivered. As asbestos by its nature is a diminishing area, the growth vision for LBS is not to expand resources or works in this area, but to deliver an improved service, supported by digital solutions and improved processes that enable more efficient planning and delivery. This flexible procurement strategy allows for the volume of work issued to LBS to be maintained, and the amount given externally has no minimum guaranteed so could fluctuate as appropriate.
- 3.4 The 10 suppliers on the framework were invited to tender, 5 responded, 2 opted out and 3 did not respond. One of the 5 tenderers were eliminated at the start as they did not send the correct documents.

3.5 The four remaining were assessed on a 60% quality 40% price basis. There was a minimum threshold for the quality criteria of 50% (300 points out of the 600 available). The evaluation team comprised of officers from Leeds Asbestos Team and LBS Asbestos Unit.

3.6 Following the completion of the quality review a summary is listed below

Organisation	Quality Score (600 Points)	Rank
Bradley Environmental	407	2
Environtec	315	3
McHale Contracts & Plant Environmental	540	1
Vega Environmental	291	Non compliant

As a result Vega Environmental was eliminated due to their quality score being below the 50% threshold of 300 points.

3.7 The Quantity Surveyor evaluated the remaining three pricing tenders with McHale scoring the maximum as they had the cheapest price and Bradley Environment who were 42% more expensive so received the lowest mark.

3.8 The combined Scores were as follows

Organisation	Quality Score (600 points)	Price Score (400 Points)	Total	Rank
Bradley Environmental	407	232	639	3
Environtec	315	335	650	2
McHale Contracts & Plant Environmental	540	400	940	1

3.9 Full details of both the quality and pricing review can be found in the confidential Appendix 1

3.10 The two organisations who are recommend for the contract award are:

- McHale Contracts & Plant Environmental LLP (Trading as MCP Environmental)
- Environtec Ltd

3.11 The project team acknowledges the disparity of scoring between the first and second placed bidders. This was reviewed as part of the evaluation process and the recommendation to appointment of both suppliers is based on the following considerations;

3.12 Both tenderers have exceeded the minimum quality threshold put in place as part of the tender process and therefore are both eligible to continue in the process in accordance with published tender documentation. The service has worked with both suppliers on previous contracts of a comparable nature and is satisfied that they have the skills, knowledge and experience to deliver the service to the required

standards. There is also a comprehensive Contract Management Plan being developed that will ensure any underperformance is efficiently identified and appropriate action taken. The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contract to the successful bidders. Both have significant operational experience within this kind of work.

- 3.13 In addition, the rates submitted by the successful providers have been benchmarked against current and historic 'industry' rates and are deemed to be within acceptable parameters for work of this nature.
- 3.14 Finally, the service has assessed that the appointment of a single contractor will expose the authority to a degree of risk relating to a lack of resilience if a single provider was to cease trading. While this risk is low, appointing two providers mitigates the risk entirely.
- 3.15 Prior to award each of the suppliers had to submit that they had adequate insurance, Health and Safety, relevant qualifications, licences and safeguarding. A financial check has been completed to ensure there is no risk to the authority. The results will be kept on file.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation and Engagement with council stakeholders have taken place when developing the procurement work stream as well as assessing the tenders when they were returned. This has involved the Procurement and Contracts team, Asbestos Team and LBS. When necessary legal advice has been sought from the Procurement Legal team. The external incumbent had been informed of the planned procurement activity at the start of the process back in March 2018.
- 4.1.2 WYJS were given due consideration in connection to the surveying services as referred to earlier in the report at 2.6.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality and Diversity Screen assessment was carried out and completed when we asked for the procurement strategy to be approved back in March 2018.

4.3 Council policies and best council plan

- 4.3.1 This procurement will meet the councils' 'Best City' objectives by:
- 'Improving the quality of housing' through reducing the risk of asbestos in council homes
 - 'Promoting sustainable and inclusive economic growth' through ensuring that training opportunities are undertaken through the Efficiency North Framework.

4.4 Resources and value for money

- 4.4.1 The project team had consistency throughout the procurement process with representatives from the Housing Leeds Asbestos team, LBS and Procurement and Contracts team.
- 4.4.2 Due diligence was undertaken when evaluating both the quality and pricing elements of the tender to make sure that they are realistic, sustainable and offer value for money.
- 4.4.3 The contract is valued at approximately £650K per annum and over the 3 year lifetime would total spend of approximately £1.9million with the option to extend for a further 12 months.

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

- 4.5.1 The provision of an Asbestos service (surveys) is required to comply with Health and Safety and Work Acts (1974) and the Control of Asbestos Regulations (2012) legal requirements.
- 4.5.2 This report is a significant operational decision to award new contracts with a value of over £250K per annum and flows from the original key decision that is referred to in 2.5.
- 4.5.3 The tender has been evaluated in accordance with the quality / price criteria set out in the tender documents.
- 4.5.4 A 10 day standstill period will be carried out in accordance with the regulations to allow unsuccessful tenderers to request further feedback if required.

4.6 Risk management

- 4.6.1 At present the council only has one external contracted supplier and the contract runs expires on 31st March 2019. If this is not renewed than Leeds City Council will only have LBS to cover Leeds for all aspects of Asbestos Surveying. LBS do not have the capacity to cover all the Asbestos surveying work.
- 4.6.2 If there is just one external supplier it will leave the council vulnerable should there be a dramatic increase in the workload or if they go out of business. With two contractors the council can effectively ensure there is the capacity to call upon either of them should there be issues with capacity to deliver, an increase in the level /extent of the planned works or one was to cease trading.
- 4.6.3 As this is a term contract the TUPE workforce process has been followed as a contractor to contractor aspect, however as one of the proposed contractors is also the current provider this is unlikely to be a matter for implementation.

5. Conclusions

- 5.1 The procurement process undertaken has been in accordance with the Regulations and the Council's Contract Procedure Rules, with guidance and support from the Asbestos Team.

- 5.2 The asbestos survey requirement has now been through a robust tender process and two providers have been successful in their submissions. One of these is the current incumbent.
- 5.3 LBS will continue with their workload focusing on the void property element. LBS will be offered all void surveys, if they do not have capacity the works are diverted, at their request, to external contractors.

6. Recommendations

- 6.1 The Director of Resources and Housing is recommended to note this tender evaluation report and approve the award of the Asbestos Surveying Services Citywide contract to the two contractors listed below for the period 1st April 2019 to 31st March 2022
- McHale Contracts & Plant Environmental LLP (Trading as MCP Environmental)
 - Environtec Ltd
- 6.2 The Director of Resources and Housing is asked to note that the estimated contract value over the 3 year contract period is £1.9m (£650,000 per annum) and that planned works will be allocated to the 2 contractors proposed for award on a 50/50 even share per annum, subject to satisfactory performance.

7. Background documents¹

- 7.1 Appendix 1 Confidential Appendix

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.