

Report of: Head of Property Maintenance & Investment – Belle Isle TMO

Report to: Director of Resources and Housing

Date: 1st February 2019

Subject: BITMO Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations – Tender Evaluation report

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Middleton Park	<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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number 10.4.3: Appendix 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

- 1 Belle Isle Tenant Management Organisation (BITMO), on behalf of Leeds City Council, has a legal obligation to undertake repairs, maintenance and adaption works to dwellings which are under their current management agreement.
- 2 Following the expiration of the maximum extension allowed under the 2011 Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations (Schedule of Rates) Contract, Mears Group Plc, was awarded a new six month contract from 1st October 2018 to 31st March 2019. This was due to unforeseen delays in the procurement process of a new five year repair and maintenance contract.
- 3 Following the completion of a formal procurement exercise undertaken on behalf of Leeds City Council and under the guidance of their Projects, Procurement and Contract Management Team, a consensus decision was reached by the tender panel to recommend the award of the new contract to Mears Group Plc

Recommendations

1. The Director of Resources and Housing is requested:
 - To approve the award of the Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations (Contract to Mears Group Plc for a 30 month period from 1st April 2019 for properties managed by Belle Isle TMO.

- To note that resources are in place from BITMO to effectively mobilise the new contract with the incumbent contractor.

1 Purpose of this report

- 1.1 To provide details of the tender evaluation process undertaken and to seek approval to the award of a contract to a contractor in connection with the delivery of a repairs and maintenance service to undertake responsive repairs, internal refurbishment and adaptations to the Belle Isle TMO managed housing stock including void work and capital investment improvement works to domestic properties managed by Belle Isle TMO on behalf of Leeds City Council from 1st April 2019.

2 Background information

- 2.1 The provision of a property repairs and maintenance service is a legal requirement that the Council and its appointed Management Organisations are obliged to undertake to ensure that each property meets minimum lettable standards
- 2.2 Belle Isle TMO manages a contract on behalf of Leeds City Council in the Belle Isle area of the City. Mears Group Plc is the incumbent contractor and delivers this particular service to the Belle Isle TMO managed stock of approximately 1920 dwellings.
- 2.3 The current contract with the incumbent contractor expires on 31st March 2019.
- 2.4 The procurement was undertaken to enable an adequate period to mobilise the contract from contract award to contract start date to allow for the IT infrastructure to be put in place as required to both manage and deliver the requirements of the contract including the measurement of key performance indicators.
- 2.5 The schedule of rates at the core of the existing repairs and maintenance contract is currently operating at a net value of 7.71% below the original tender value submitted on 1st October 2011. This is due to a contract requirement to apply efficiency savings which exceeded the specific BCIS local authority maintenance index allowances for inflation.
- 2.6 The recommended tender was the lowest value tender submitted. However, it will require the current schedule of rates to increase by 9.80%. This equates to a net increase of 2.09% on the original repairs and maintenance contract that commenced on 1st October 2011.
- 2.7 The new JCT Measured Term Contract will also allow for efficiency savings to be applied at the end of each year which will be offset by the specific BCIS local authority maintenance index allowance for inflation.
- 2.8 Contract Value

The non-guaranteed combined capital and revenue values indicated in the original contract documentation for this contract equate to £1.8m per annum and are broken down as follows:

Revenue Repairs **£550,000** (Five Hundred and Fifty Thousand Pounds per year)

Planned Revenue & Capital Works **£650,000** (Six Hundred and Fifty Thousand Pounds per year)

Revenue & Capital Void Work **£400,000** (Four Hundred Thousand Pounds per year)

Major Adaptations **£200,000** (Two Hundred Thousand Pounds per year)

Therefore the proposed total contract expenditure for will be approximately **£4,500,000**.

3 Procurement Considerations

3.1 Tender Process

The tender process was carried out in accordance with the Public Contract Regulations 2015 in the belief that a contract notice was published in OJEU as the estimated contract value was in excess of the works threshold. The procurement was supported with necessary advice and guidance from the LCC Projects, Procurement and Contract Management Team.

However in the preparation of the contract award notification it was noticed that although the OJEU Contract Notice had been prepared it had not been submitted for publication. In such circumstances, and in order to ensure there is no breach of the Public Contracts Regulations 2015, the council is recommending the award of a contract to the proposed successful tenderer for 30 months in order to keep the value of the contract under the current EU threshold for works, during which time a new contract will be re-procured. The winning tenderer has been consulted and has accepted a reduced contract period of 30 months without any revisions to its tender submission meaning there will be no adverse impacts to BITMO. In addition, procedures have now been put in place requiring officers to confirm that open opportunities have been advertised appropriately before moving onto the next step in the procurement process in order to avoid any reoccurrence of a similar issue.

At the closing date for the pre-qualification stage, a total of 13 applications expressing interest were received. The scored 'project specific questions to assess technical and professional ability' were evaluated in accordance with the published documents by an evaluation team which comprised of senior Belle Isle TMO management and the chair of Belle Isle TMO Board in addition to technical officers from BITMO. From these a shortlist of 8 contractors were invited to tender.

Tenders were invited on 15th June 2018 on the basis of a price / quality split as follows Price 40% and Quality 60%. The 40% on price was broken down into four aspects and each had a specified weighting that bidders were advised of in the tender invitation.

There were minimal changes made to the documentation issued at pre-qualification stage. In the early stages of the tender period each tenderer was invited to meet the BITMO technical team and representatives of the LCC Projects, Procurement and Contract Management Team. This was so as to be totally clear with bidders on the key aims and objectives of BITMO with regards to the procurement exercise and so as to enable bidders to fully understand the requirements of the works and how the procurement was being undertaken and evaluated.

Tenders were received on 29th August 2018 and by the deadline 6 organisations submitted a tender, 2 organisations declined to submit a tender for the following reasons; 'insufficient resources at this time'.

3.2 Tender Evaluation

With regards to the tender evaluation process the following actions were carried out:

- a) The evaluation of the six tender quality submissions was evaluated by senior Belle Isle TMO management together with the Chair of the Belle Isle TMO Board and a consensus scored evaluation was provided for each tender under the guidance representatives of the LCC Projects, Procurement and Contract Management Team. The scoring criteria for quality and weighting included:
 - Contract Management
 - Technical Competence
 - Customer Service

- Added Value
- Employment and Skills

- b) The evaluation of the six tender employment and skills submission was carried out independently by Leeds City Council, Employment and Skills specialist in City Development.
- c) The evaluation of the tender prices submitted was undertaken independently by Leeds City Council Housing Leeds quantity surveyors. The price evaluation was split into the following:

Element	Description	Maximum Marks Available	% of Price Evaluation
1	Total cost of reactive and planned maintenance repairs per annum based on the benchmark rates provided multiplied by the submitted percentage variation in turn multiplied by the unit volume of SOR's utilised in financial year 2016-2017	300	75%
2	Average cost per new wet floor shower installation	50	12.5%
3	Average cost per new modular ramp installation	30	7.5%
4	Average cost per new permanent ramp installation	20	5%

Full details are in the confidential appendix 2 (Tender Analysis Report).

One submission failed to attain the minimum quality thresholds outlined in the tender documents in relation to the quality criteria. As with the pricing full details are in the confidential appendix 2 (Tender Analysis Report). Following completion of the evaluation a summary of the evaluation scores are as follows:

Organisation	Price Score 400/40%	Quality Score 600/60%	Total Score	Rank
Mears Limited	359.34	498.00	857.34	1
Morgan Sindall Property Services	315.33	413.00	728.33	2
Kier Services Limited	320.15	370.00	690.15	3
Mitie	263.38	350.00	613.38	4

PPM	189.48	344.00	533.48	5
Liberty Group	Non-compliant			

The overall process was overseen and managed by LCC Projects, Procurement and Contract Management Team.

3.2 **Tender Award**

Mears Group Plc who submitted the recommended tender attained the highest score on each of the separately evaluated criteria.

4 **Corporate Considerations**

4.1 It is a legal requirement that Leeds City Council undertake repairs and maintenance works to dwellings where they are the landlord.

Adequate time is available to mobilise the new contract with the incumbent contractor.

4.2 **Consultation and Engagement**

The current service provider, Mears Group Plc, has a small team based at the Belle Isle TMO office and the management team would recommend that this effective presence for an enhanced service remains and fulfil the Boards requirement for local employment.

The incumbent provider was asked to identify workforce under TUPE regulations however this is not likely to be an issue now as it is proposed that the incumbent provider will be successful. Belle Isle TMO have confidence that existing arrangements will be maintained regards current employment commitments to this contract including successful on-going training and apprenticeships.

Belle Isle TMO are confident that the incumbent service provider will strive to meet service levels required by Leeds City Council for the full duration of the new contract period.

It should be noted that all stages of the formal leaseholder consultation has been carried out and with the final stage concluding on 15th January 2019 and no observations were raised.

Leeds City Council Projects, Procurement and Contract Management Team have been consulted and are happy with the process and recommendations, prior to reference to the Director of Resources and Housing for a formal decision.

Belle Isle TMO Board have been consulted and approved the recommendations within this report at their meeting on 27th November 2018.

4.3 **Equality and Diversity / Cohesion and Integration**

An Equality, Diversity, Cohesion and Integration (ECDI) assessment was completed and was an appendix to the August 2017 key decision report.

4.4 **Council Policies and City Priorities**

It is a legal requirement that Leeds City Council undertake repairs and maintenance to dwellings where they are the landlord. This contract also contributes to a range of Best Council Plan objectives, including:

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

Employment and skills benchmarks were set for the contract to delivery annually:

- Five Employment – People supported into new into jobs
- Three new apprentices
- Nine existing apprentices
- Ten work experience opportunities

4.5 Resources and Value for Money

Existing Belle Isle TMO resources are currently in place, and will work jointly with Leeds City Council Projects, Procurement and Contract Management Team to ensure continuity of service for the contract mobilisation period.

Due diligence was undertaken on price to ensure that the contract values are realistic and sustainable, and offer value for money to the council.

4.6 Legal Implications, Access to Information and Call In

This report is a subsequent decision of a previous Key Decision that was effective from 7th September 2017 and is therefore a Significant Operational Decision which is not subject to call in.

Appendices 1 and 2 of this report are exempt under the Access to Information Procedure Rules 10.4.3. The public interest in maintaining the exemption in relation to the confidential Appendices outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of the organisations involved.

A 10 day standstill period has been carried out in accordance with the Regulations to allow unsuccessful providers to view the outcome of the procurement exercise in an open and transparent manner. This concluded on 17th December 2018 and no issues were raised.

4.7 Risk Management

Belle Isle TMO will be effectively monitoring/managing the contract on a day to day basis to ensure continuity of service in accord with required Leeds City Council KPI targets.

Belle Isle TMO are confident that appropriate steps and provision is in place to ensure an effective and smooth mobilisation of the new contract for April 2019.

A contract management plan as required by the Councils Contract Procedures Rules is in development and will be in place by the commencement of the new contract.

5 Conclusions

If the proposed action(s) are not approved no contractor would be available to undertake repair and maintenance work to any dwellings managed by Belle Isle TMO on 1st April 2019

Leeds City Council would be in breach of the legal requirement to undertake due Landlord Maintenance to Council dwellings in the area managed by Belle Isle TMO.

The proposal as outlined in the report is to award the contract to the contractor who scored the highest and therefore was successful in the procurement exercise.

6. Moving forward / Next Steps

Subject to approval of the proposal in this report the next stage will be to subsequently award and mobilise the new contract to Mears Group Plc

7. Recommendations

The Director of Resources and Housing is requested to:

- 7.1 To approve the award of the Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations (Contract to Mears Group Plc for a 30 month period from 1st April 2019 for properties managed by Belle Isle TMO.
- 7.2 To note that resources are in place from BITMO to effectively mobilise the new contract with the incumbent contractor.

8 Background Documents¹

JCT Measured Term Contract and Contract Documentation for Belle Isle TMO Responsive Repairs, Internal Refurbishment and Adaptations Scheme (Schedule of Rates) Contract 2018

Performance Data from Leeds City Council Housing Management Software and recorded on Belle Isle TMO Contractor Performance and Liaison Monthly Meeting Minutes

Appendix 1 – Tender analysis report – Housing Leeds

August 2017 key decision report - BITMO 2018-2023 Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations (Schedule of Rates) Contract

<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=44738>

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.