



Report of Capital Programme Manager

Report to Director of Resources and Housing

Date: 06/02/2019

Subject: Call off from the Kitchen Bathroom and Rewires frameworks for 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? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Authority is requested to undertake a call off from the Council's Kitchens Bathrooms and Rewires framework, in order for contractors to undertake the 2019/20 Housing Planned Works (year 2).
2. The framework has a total value of approximately £7.2 million per annum. Leeds Building Services as internal service provider will manage the works as well as undertaking some works in house.
3. The Kitchens Bathrooms and Rewires framework was initially procured in 2017, containing three contractors. The three contractors are used for works that are not able to be delivered by Leeds Building Services.
4. All three contractors are expected to receive works each year in line with the contract approach, the annual work will be divided between contractors on a 40/30/30 split as set out in the framework's selection procedure.
5. The call off and selection of contractors will enable the delivery of planned Kitchens Bathrooms and Rewires under the Housing Capital Programme for 2019/20, 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 and Rewires framework 2019/20 (year 2) for a total of £7.2m to the contractors that were ranked first, second and third in the 2018/19 framework in line with the agreed selection process for year 2 works;

- Engie Regeneration Limited - up to £2.88m of works
- Kier Services Limited - up to £2.16m of works
- Mears Limited - up to £2.16m of works

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

Purpose of this report

This report seeks approval to call off from the 2019/20 framework for contractors to deliver the annual planned works in relation to Kitchen Bathroom and Rewires under the Housing Capital Programme for 2019/20.

1. Background Information

- 1.1.1 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. Kitchen Bathroom Rewires replacements as appropriate to our circa 53,500 council homes.
- 1.1.2 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.
- 1.1.3 Kitchens, Bathrooms and Rewires Housing Planned Works 2019/20 are part of the Housing Capital Programme. Following internal consultation Leeds Building Services as an internal service provider will manage the works, whilst undertaking some works in house, with approximately £7.2m to be delivered by external contractors under the existing framework agreement.
- 1.1.4 The call-off is in line with the council's Contracts Procedure Rules 3.1.6
- 1.1.5 The Director of Resources and Housing approved the award of contracts to three contractors for the Kitchen Bathroom and Rewires 2018/19 framework agreement. The contractors are; Engie Regeneration Limited, UK, Kier Services Limited and Mears Limited. These contractors will be delivering works that are not able to be delivered by the internal service provider (LBS).
- 1.1.6 All three contractors are expected to receive works each year in line with the contract approach, with the annual work divided on a 40/30/30 split between the contractors as set out in the framework's selection procedure.
- 1.1.7 Contract awards may be the subject of a Significant Operational Decision, if the required detail is not covered within the Capital Programme Key Decision Report.
- 1.1.8 The 2019/20 framework agreement will commence from 1st April 2019 for a period of 4 years with a total value of approximately £7.2m per annum.

2. Main Issues

- 2.1.1 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.
- 2.1.2 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.
- 2.1.3 For the Kitchen Bathroom and Rewires framework the three external contractors are;

- Engie Regeneration Limited
- Kier Services Limited
- Mears Limited

3. Corporate Considerations

3.1 Consultation and Engagement

- 3.1.1 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.
- 3.1.2 Legal, procurement and finance colleagues have 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 off for Kitchen Bathroom and Rewires.

4. Council Policies and Best Council Plan

- 4.1.1 Investment these planned works and resulting activity contributes to a range of Best Council Plan objectives, including:
- 4.1.2 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.
- 4.1.3 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.
- 4.1.4 Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through our contracting activity.
- 4.1.5 All tenderers were required to complete social value plans for evaluation, including Employment and Skills targets.

5. Resources and value for money

- 5.1.1 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.
- 5.1.2 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.

- 5.1.3 A report will be submitted to the Director of Resources and Housing in March 2019, requesting the authority to spend the Housing Leeds Refurbishment Programme budget 2019/20. This report will be developed and submitted by the Strategy & Investment team.
- 5.1.4 The framework agreements were competitively tendered during 2017 to provide value for money alongside quality considerations.

6. Legal Implications, Access to Information and Call In

- 6.1.1 This report is a Key Decision and is therefore subject to call in.
- 6.1.2 Each year's work for each contractor requires a separate contract award in line with the NEC3 framework approach.
- 6.1.3 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.

7. Risk Management

- 7.1.1 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 Procurement and Commercial team. Notable risks and their mitigation were set out in the tender and award reports.

8. Conclusion

- 8.1.1 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 Procurement and Commercial team.
- 8.1.2 These call offs from the frameworks are in line with the selection process of the frameworks, and supported by the Procurement and Commercial team.
- 8.1.3 The call offs and selection of contractors will enable the delivery of planned Kitchen Bathroom and Rewires works under the Housing Capital Programme for 2019/20, funded by the Housing Revenue Account (HRA).

9. Recommendations

- 9.1.1 It is recommended that the Director of Resources and Housing:
- Approves the call off from the Kitchen Bathroom and Rewires framework contract for up to a total of £7.2m for the financial year 2019/20, to the contractors ranked first, second and third in the tender evaluation in line with the agreed selection process for year 2 works;
- Engie Regeneration Limited - up to £2.88m of works
 - Kier Services Limited - up to £2.16m of works
 - Mears Limited - up to £2.16m of works

10. Background documents

10.1.1 NA

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 work