

Report of: Capital Programme Management, Mechanical & Electrical Planned Works
Report to: Director of Resources and Housing

Date: 13th February 2019

Subject: Re-Roofing and Associated Works 2019/20 - Tender evaluation results and proposed award of Call Off Order

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 checked="" type="checkbox"/> Yes <input 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: Appendix 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary of main issues

1. The current Housing Leeds Planned Works: Re-Roofing and Associated Works Framework agreement commenced on the 1st April 2018 for a 4 year period.
2. In line with the Framework agreement every year the four contracted suppliers on the framework will be invited re-tender for works packages with the two lowest priced appointed for that year. The estimated costs for 2019/2020 is £4m.
3. Leeds Building Services (LBS) our internal service provider have stated that they do not intend to carry out any Re-roofing and Associated Works.
4. A Key Decision was taken by the Director of Resources and Housing on the 26th November 2018 to approve the procurement strategy for the 2019/2020 Reroofing and associated works call off. Two of the four contractors will deliver the work.
5. Following this decision a competitive tendering process with all four organisations from the established framework has taken place on the basis that two contractors from the four would undertake the work for the period 1st April 2019 to 31st March 2020. This was done on a price only basis as outlined in the Framework agreement
6. The evaluation of the tenders for 2019/20 has now been concluded and this has identified two contractors from the framework agreement to carry out the work.
7. Based on the 50/50 allocation of the works to the lowest two contractors in Year 1, the representative cost for the works would be in the region of £1,004,970.94 a saving of 9.57% compared with the current provider

8. In line with the annual Housing Leeds Capital Programme injection, each year the annual work allocation for the respective contractors will be agreed and contracts will be awarded. This will be via a Significant Operational Decision as outlined in the original Key Decision dated 26th November 2018 in order to authorise spend under the NEC framework contract so works can start on the 1st April 2019.

Recommendations

The Director of Resources and Housing is requested to

1. Approve the award of contracts following the call off carried out as a price only mini tender for Reroofing and Associated works for 2019/2020 (year 2 of the framework) to the following two contractors:
 - A Connolly
 - Liberty Group
2. To note that this call off will cover the 12 month period 1st April 2019 to 31st March 2020 and that the estimated expenditure will be approximately £4million.

1. Purpose of this report

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 2019/20 Reroofing and Associated works

2. Background information

- 2.1 Planned works are undertaking of renewals and maintenance works that have been planned in advance and included in a works programme. They include the replacement / upgrade of new items where a similar item previously existed e.g. Kitchens, bathrooms, doors or roofs as appropriate to our 53,500 council homes (including leasehold but excluding PFI and BITMO homes).
- 2.2 The need to undertake planned work is considered necessary under the council's obligations to its tenants. Investment decisions are predominantly dictated by stock condition data, but are also influenced by referrals from responsive repairs and intelligence from Housing Office and Responsive Repair teams.
- 2.3 A Key decision was taken by the Director of Resourcing & Housing in November 2018 to approve the call off for 2019/2020 Re-Roofing and Associated Works call off under the Housing Leeds: Planned Works: Re-Roofing and Associated Works
- 2.4 As part of the current framework agreement it was agreed for years 2-4 the four contractors on the framework would re-tender for the works on a price only basis with those ranked 1 & 2 named as the successful contractors for that year.

3. Main issues

- 3.1 Due to the estimated value the original framework agreement was procured as a restricted procedure under OJEU regulations.
- 3.2 Four contractors were appointed to the framework agreement in 2018. In year one the two contractors who scored the highest on the quality and price evaluation were awarded the contracts. For year 2 (this year) and years 3 and 4 it is a price only evaluation with the two lowest bidders being awarded the work for that year.
- 3.3 The tender was based on a sample survey set out by the capital programme team for the types of works which will be carried out over the course of the year. Each contractor tendered for the work and this was evaluated by the Quantity Surveyors in the commercial team assessed against the market rates and were able to conclude which two were of best value.

- 3.4 Full details of this price evaluation can be found in the confidential Appendix 1
- 3.5 Following completion of the price only evaluation a summary of the results are listed below

	Organisation	Total Score
1	A Connolly	700
2	Liberty Group	621.22
3	Mears Ltd	576.29
4	DLP Services (Northern)	541.38

- 3.6 The two organisations who are recommended to be appointed for the 2019/20 Re-Roofing and Associated Works are :-
1. A Connolly
 2. Liberty Group
- 3.7 Financial due diligence has taken place against each contractor chosen to undertake this year's work.
- 3.8 Contract management plans are being reviewed ready for implantation on the 1st April 2019.

4. Corporate considerations.

4.1 Consultation and engagement

- 4.1.1 The Key Decision for the 2019/2020 Re-Roofing and Associated Works Call Off was made by the Director of Resource and Housing in November 2018

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) assessment was completed and was an appendix to the October 2016 framework key decision report. As a result the council ensured the key points were included in the contract documentation, such as relations to the contractors' Resident Liaison Role, and how we make sure appropriate resident information is provided to contractors. This was also an action from the completed Privacy Impact Assessment.

4.3 Council policies and best council plan

- 4.3.1 The planned works and resulting activities contribute to a range of Best Council Plan objectives, including
- Providing enough homes of high standard in all sectors by maintaining properties to Leeds Home Standard

- 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
- Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through contracting activity

4.4 Resources and value for money

- 4.4.1 Due diligence was undertaken on the price to ensure that it is viable, comprehensive, realistic and sustainable, and offer value for money.
- 4.4.2 The 2019/20 Re-Roofing and Associated Works call off order is valued at £4million per annum split 50/50 between the two successful contractors who will undertake works in the city.
- 4.4.3 The annual contract values are approximate, and are based on Housing Leeds Investment Strategy, which may well have to be revised in light of revisions to the HRA Business Plan in order to allow for external factors which may result in changes to future budgets. No minimum values are guaranteed to either contractor.
- 4.4.4 This has been funded by the Housing Revenue Account.

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

- 4.5.1 This report is a subsequent decision of a previous key decision on 26th November 2018 and is therefore a Significant Operational Decision which is not subject to call in.
- 4.5.2 The tenders have been evaluated in accordance with the evaluation criteria set out in the original tender documents, in that call offs for years 2-4 will be based on price only.
- 4.5.3 As outlined in the original framework agreement each years work for each contractor will require a separate contract award in line with the NEC3 framework approach. Given the size of the annual spend related to Re-Roofing and Associated Works, the key decision for authority to spend with each contractor each year is being aligned with housing annual capital programme budget decision each spring (March)

4.6 Risk management

- 4.6.1 A risk register has been produced for the 2019/20 Call Off. The project team will continue to monitor the identified risks and consider any new risks moving forward through contract award and mobilisation.
- 4.6.2 Notable risks relevant to this procurement are :-

- **Integration with the Housing ICT system and its readiness for training and use by new contractors**

Mitigation: This involves work to maintain links between the projects, including through involvement of key staff. Housing ICT project staff have been involved in what has been communicated to bidders about the new system when the original framework tender was set up in 2018.

- **LCC not able to provide contractors with continuity of works**

Mitigation: Work will be undertaken by Housing Leeds to ensure that investment planning targets are achievable. Works will be given to the contractors on a quarterly to support surveying resources. In addition pricing for elements as part of the original framework tender pre-works surveys were obtained, so that if internal resource were insufficient to meet the needs, the Council can procure further capacity.

- **Contractors not adequately resourced to deliver works:**

Mitigation: When the original framework was being evaluated and at short listing stage this was a key focus to make sure any new contractors who took over work had sufficient resource to carry out the works. There are KPI's which are attached to the framework which all contractors must adhere to in regard to planned delivery. Should they fall under a certain threshold the council can reallocate works to one of the other contractors on the framework agreement.

- **Contractors do not perform to expected standards**

Mitigation: When the framework contractors were chosen a clear and detailed performance specification was carried out. This means that the requirements of the Council are clear to each contractor on the framework. Contract managers will work with the two successful contractors to ensure that they are ready to deliver to the expected standards from day one of the new call off order.

4.6.3 Work is now progressing to make sure that there is an appropriate planned and resourced contract mobilisation activity with clear roles and responsibilities between now and the start of the new call off contract which starts at the beginning of April 2019

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 Property and Contracts team

5.2 Following the tender evaluation of the four contracted suppliers. A Connolly and Liberty Group have been identified as best value.

6. Recommendations

6.1 Approve The Director of Resources and Housing is requested to:

Approve the award of contracts following the call off carried out as a price only mini tender for Reroofing and Associated works for 2019/2020 (year 2 of the framework) to the following two contractors:

- A Connolly
- Liberty Group

6.2 To note that this call off will cover the 12 month period 1st April 2019 to 31st March 2020 and that the estimated expenditure will be approximately £4million.

7. Background documents¹

7.1 None.

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.