

Report of Council Housing Growth Team

Report to Director of Resources & Housing

Date: June 2019

Subject: Procurement of a Design and Build Contract to deliver new build Extra Care and general needs housing schemes at Cartmell Drive South, Temple Newsam and Middlecross, Armley.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Armley and Temple Newsam		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of Main Issues

1. This report seeks approval for the recommended procurement route to deliver general needs housing and an extra care scheme at the Cartmell Drive South site in the Temple Newsam ward, along with another Extra Care scheme in Middlecross, in Armley.
2. The two Extra Care sites form part of the Extra Care programme, which set out to Executive Board in December 2018 the proposals for extra care housing for older people across the City as part of the Council House Growth Programme, which also supports the Better Lives Programme. The general needs housing is contributing to the Council Housing Growth Programme and is one of the sites identified in the programme's scope which was approved by Executive Board in November 2018.
3. This report seeks the approval to include the Competitive Dialogue Procedure between Leeds City Council and potential contractors in line with Contract Procedure Rule (CPR) 17.2. This will require authority from the Director of Resources and Housing to waive CPR 3.1.5 so that the Council Housing Growth Team can run this procurement and not use the existing contractual arrangement (YORbuild2 framework).

4. This report also seeks approval to adopt the Evaluation Criteria set out in Appendix 2.

Recommendations

It is recommended that the Director of Resources and Housing:

1. Approves the decision to procure a contractor via the use of the Competitive Dialogue Procedure to design and build an Extra Care scheme and General Needs housing at Cartmell Drive South in Temple Newsam, along with another extra care scheme in Middlecross, Armley.
2. Approves the decision to waive Contract Procedure Rule (CPR) 3.1.5 in order to utilise the Competitive Dialogue Procedure and not use the existing contractual arrangement (YORbuild2).
3. Approves the Evaluation Criteria to be used for Extra Care Package 2 in line with CPR 15.1

1. Purpose of this Report

- 1.1 This report seeks approval for the Council to follow a Competitive Dialogue procedure to appoint a contractor to design and build the two schemes in Extra Care Package 2. This procurement route has been evaluated as the most appropriate route to the market for this need.
- 1.2 In line with the Contract Procedure Rules (CPR) 3.1.6, a decision to undertake procurement should be undertaken at the point the procurement route is chosen. The purpose of this report is to seek approval for the procurement strategy which will enable the Council to appoint a contractor to design and build two new Extra Care Schemes (128 units in total) and 98 new general needs housing units, subject to planning.
- 1.3 This report also seeks approval to adopt the Evaluation Criteria set out in Appendix 2. This has been developed through multiple stakeholder workshops with representatives from Council Housing Growth, Housing Management, Adults and Health, City Development and NPS Leeds.

2. Background Information

Extra Care

- 2.1 The Leeds Vision for Extra Care Housing is to work with partner organisations to construct more than 1000 units of Extra Care Housing by 2028 to meet the growing demand for this accommodation type and population forecasts.
- 2.2 The delivery of Extra Care Housing through the Council Housing Growth Programme ties in closely with the Best Council Plan 2017-2018 by providing housing as the city grows and supports the delivery of the Better Lives programme through:
- Supporting the health and well-being of older people who wish to live independently
 - Providing an alternative to residential care
 - Ensuring that older people have a wider choice of housing and care options including the provision of person centred care and support
 - Increasing the supply of specialist homes for older people that are for rent, shared ownership and for sale.
- 2.3 The December 2018 Executive Board Report on the Delivery of Extra Care outlined the investment being made in the delivery of Extra Care as part of the Council House Growth Programme. The report also identified seven Council owned sites to be dedicated to the delivery of Extra Care. Five of these sites (including the Armley site) had obtained Executive Board approval for Extra Care delivery in 2017 and two new sites (including the Temple Newsam site) were proposed and approved in 2018. Needs assessments were undertaken providing the evidence base for extra care delivery and the potential revenue savings to the Council from the provision of additional extra care was estimated and presented in the report.

General Needs Housing

- 2.4 In November 2018 a paper was submitted to Executive Board to provide an update on the council's general needs new build programme. It set out progress to date and proposals for seven further general needs housing schemes for delivery over 2019-22. Executive Board approved the investment required to deliver these schemes.
- 2.5 The report also highlighted the government's recent removal of the borrowing cap within the Housing Revenue Account (HRA), and the significant opportunity this represented for the Council to build its future generations of Council Housing at a scale and pace which would not have been possible previously.
- 2.6 Since the November report, the Council Housing Growth Team have continued to seek additional sites to facilitate its ambitious target of delivering a minimum of 300 new homes per year going forward, with an initial target of 1,500 starts on site in the next five years.

3. Main Issues

3.1 Procurement Process

- 3.1.1 This report covers the procurement strategy to deliver extra care housing at the following two sites; Cartmell Drive, and Middlecross. Leeds City Council will retain the land and own and manage the schemes.
- 3.1.2 In addition, Leeds City Council will deliver General Needs housing at the Cartmell Drive site, including a mixture of apartments, bungalows, and two, three and four bedroom properties.
- 3.1.3 Executive Board were advised in December 2018 that three sites would comprise Extra Care Package 2. Since that time, the Council Housing Growth Team, Housing Management and Adult Social Care have worked together to find other joint working opportunities that support residents with a range of housing, care and support needs, as well as deliver procurement and delivery programme efficiencies across the Council Housing Growth Programme. As a result, a scope change for Package 2 is being adopted so that two of the Council's extra care schemes are delivered in this procurement exercise along with the general needs housing at Cartmell Drive. The third extra care scheme at Throstle Recreation Ground in Middleton Park will be procured as a separate exercise which will also include general needs housing and intergenerational bungalows. Executive Board are being advised of this change in the 'Council Housing Growth Programme Update' June 2019 Report and are recommended to 'note the progress to date on delivering the Council Housing Growth Programme.'
- 3.1.4 Leeds City Council have identified the following options to deliver this procurement:

Procurement Option	Main Features	Advantages	Disadvantages
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A - Utilising a framework – YORbuild2	<ul style="list-style-type: none"> •Able to bundle the schemes together to carry out separate tender exercises for each scheme. 	<ul style="list-style-type: none"> •Time benefits to this approach 	<ul style="list-style-type: none"> •Unable to open this opportunity out to a wider market of contractors who are experienced in delivering extra care •Restrictions on level of feedback / clarifications LCC can give bidders
B - Utilising another external framework	<ul style="list-style-type: none"> •Able to bundle the schemes together to carry out separate tender exercises for each scheme. 	<ul style="list-style-type: none"> •Time benefits to this approach 	<ul style="list-style-type: none"> •Access fees/rebates •Unable to open this opportunity out to a wider market of contractors who are experienced in delivering extra care
C - OJEU Procurement – Restricted	<ul style="list-style-type: none"> •This option also opens the requirement up to the wider market from a pre-qualification stage. The requirements are typically complex, with a relatively detailed Selection and Award evaluation process 	<ul style="list-style-type: none"> •Restricts the number of organisations invited to tender (making the tender evaluation more manageable) •Enables a detailed Selection assessment which improves the quality of bids (due to the fact there is an increased chance of a bidder being successful and the Council has selected their shortlist of “pre-qualified” suppliers) 	<ul style="list-style-type: none"> •Speculative SQ’s being submitted due to the fact that the full tender documentation may be unavailable at the Selection stage •Increased timescales •Added resource cost and potentially unnecessary burden for suppliers (making the contract opportunity appear unattractive to some) •No opportunity to discuss / refine bids as only clarification sessions rather than dialogue. •The project team would not have sight of any of their tender submission until after the deadline for final bids.
D - OJEU Procurement – Competitive Dialogue	<ul style="list-style-type: none"> •Multi-stage process. •The council will be open to innovation and current market initiatives as bids are refined. •Allows for bidders to develop alternative proposals in response to a client's outline requirements. •Only when their proposals are developed to sufficient detail are tenderers invited to submit competitive bids. Following closure of dialogue, final tenders will be invited and a preferred bidder identified. 	<ul style="list-style-type: none"> •More flexibility in terms of the dialogue sessions to enable bids to be refined through the process. •By seeing designs, method statements and price throughout the process the Council is able to provide scoring and feedback, which should lead to bids improving throughout the process. •Enables meaningful dialogue with bidders which will enable the bids and designs to improve through this process. 	<ul style="list-style-type: none"> •Process can be resource intensive for both the Council and bidders if managed inefficiently or if submission requirements are too onerous.

- 3.1.5 In line with Contract Procedure Rule (CPR) 17.2 The Council may clarify, specify and fine tune final tenders and submissions that are received through the competitive dialogue procedure and (for this procedure only) can enter into negotiations with the best value tenderer to confirm financial commitments or other terms contained in the tender by finalising the terms of the contract, provided this does not have the effect of materially modifying essential aspects of the tender and does not distort competition or cause discrimination.
- 3.1.6 In order to include the Competitive Dialogue Procedure within the procurement process the Authorised Officer must seek approval to waive Contract Procedure Rule (CPR) 3.1.5 which states that if the Authorised Officer has justifiable reasons to believe that the existing contract should not be used and the contract clearly states that the Council does not have to purchase the goods, works or services from the existing provider (such as with a Framework Agreement), they may do so provided approval has been sought from the relevant Chief Officer. The YORbuild2 framework does not state that the Council has to purchase the goods, works or services through it.
- 3.1.7 The Competitive Dialogue Procedure poses many benefits as it provides the ability to enter into meaningful dialogue and negotiation to ensure bids of the highest quality are being submitted to the council. Through giving feedback and the opportunity for contractors to improve through different iterations the process can contribute to a scheme that delivers best value.

Market Engagement

- 3.1.8 Leeds City Council issued a Market Sounding Exercise to test the market interest in bidding for the Extra Care Package 2 in October 2018 to gauge the market’s interest in bidding for the Package through a Competitive Dialogue process. This was carried out through questionnaires followed up by face to face meetings with individual contractors to elaborate on their thoughts. All the contractors who replied stated their interest in bidding for these works and all the contractors had experience of Competitive Dialogue procedures, with the majority being happy to undergo a Competitive Dialogue Procedure in order to tender for Package Two.
- 3.1.9 All of the contractors who responded to the Market Sounding stated their interest in bidding for these works and all appear to have experience of Competitive Dialogue Procedures.
- 3.1.10 All of the contractors have experience of building Extra Care. Many of them have involved using both traditional build and modern methods of construction (MMC).
- 3.1.11 The project team then met with the market and consulted with contractors on a number of specific themes and the outcome of this can be seen in the table below;

Market Sounding Analysis Extra Care Package 2	
Points raised	Feedback

Competitive Dialogue procedure	There was some initial apprehension about the choice of this route by the market, through concerns about the Council employing a route which increases bidding costs and time for the market. Care has been taken in the structuring of this project that whilst the Council can enjoy the benefits that Competitive Dialogue provides. The Housing Growth Team can ensure that the process is not overly onerous or administratively burdensome to bidders. One way in which this is being achieved is requiring the level of detail in their proposals to increase as the procedure progresses, so that it is balanced between the stages proportionate. The majority of contractors were happy to put forward a bid following this explanation of the Competitive Dialogue procedure and overall the response was positive.
Procurement Programme	When consulted contractors were concerned about meeting the initial deadlines therefore we have ensured that appropriate timescales are set in order for tasks to be completed to satisfy these concerns.
Design Expectations	Some contractors were concerned about the level of design specifications required therefore we will ensure that the quantity and quality of design works we request at each stage of the process are proportionate and manageable.

3.1.12 A second market sounding exercise was carried out in March 2019 to gauge the market's interest in the project given that general needs housing had been added to the scope of works since the first market sounding exercise. The feedback was generally positive with a significant number of bidders confirming they wish to bid in the tender. There were some comments on ensuring adequate timescales for each stage and which have been taken on board by the project team.

Options Analysis

3.1.13 Due to the complexity and scale of this project Leeds City Council believe that the Competitive Dialogue Procedure remains the most effective and fair manner in which to secure the wider objective of a significant increase in high quality extra care provision and are seeking approval to utilise this into the procurement process in order to ensure best value.

Competitive Dialogue Process

3.1.14 Following the initial selection stage, the Director of Resources and Housing will be requested to approve the shortlist of four bidders to progress to the ITPD stage. Tenderers will be then evaluated on their designs and bids in relation to the exemplar scheme (Cartmell Drive). Their bids will also include some programme wide requirements and the standards achieved for the first scheme will be required for the subsequent schemes delivered.

3.1.15 The tenders will be evaluated in accordance with the criteria and a Design Services Agreement (DSA) will be awarded to the successful contractor. The DSA will set the terms for the design development period until the contractor is ready to start on site and the construction contracts are signed. One the process has identified a preferred

bidder, subsequent DSAs and construction contracts will be entered into for each scheme.

3.1.16 Tenders will be evaluated against price and quality criteria (including their designs). A ratio of 35% price and 65% quality is proposed. This is to try to mitigate the risk of a bidder with a poorer quality design or method statement being more likely to win the procurement exercise due to their cheaper price, which would not necessarily achieve genuine value for money for the Council. The Council reserves the right to reject any bid which doesn't meet any of the minimum quality thresholds, or any of the pass/fail questions. The evaluation criteria will be approved in line with CPR 15.1.

3.2 Site Information

3.2.1 Site information has been commissioned for both of the sites which will be developed in this project. The surveys cover the following areas: topographical, bats, trees, utility mapping, site constraints and health and safety. These are developed through both through desk top exercises as well as more intrusive ground surveys.

3.2.2 This project will deliver two Extra Care schemes which will provide up to 128 council units of extra care, and 98 units of general needs housing, subject to planning.

3.3 Procurement Programme

3.3.1 Based on the bundled approach to deliver the project, the following timescales are envisaged:

Activity	Dates
Standard Selection Questionnaire (SSQ) & LCC Evaluation	Jun '19 - Sep '19
Invitation to Participate in Dialogue (ITPD) & LCC evaluation <i>Up to 4 bidders</i>	Sep '19 - Dec '19
Invitation to Submit Detailed Solution (ISDS) & LCC evaluation <i>Up to 3 bidders</i>	Jan '20 - Mar '19
Invitation to Submit Final Tender (ISFT) & final LCC evaluation <i>Up to 2 bidders</i>	Apr '20 - Aug '20
Contract award	Sep '20

The timescales have been increased following feedback from the bidders, to include the time that they have indicated they need for each stage.

4. Evaluation Criteria

4.1 The evaluation criteria will be signed off by the Director of Resources & Housing in line with CPR 15.1.

Quality Criteria

- 4.2 A full review of the Council Housing Growth Team's quality method statements, design criteria and associated weightings has been undertaken by all project, technical and procurement staff.
- 4.3 Following this review, updated method statements, design criteria and associated weightings have been reviewed by the project team, the project's Project Manager, and representatives from Adults and Health and Housing Management.
- 4.4 New method statements have been added in consultation with stakeholders that apply specifically to the delivery of extra care housing, remediating contaminated sites and delivering large scale programmes.
- 4.5 Individual method statement questions, design criteria and associated weightings can be seen in the attached Appendix 2.

Price Criteria

- 4.6 The price evaluation criteria has been reviewed by the Council's technical advisors and NPS Leeds Quantity Surveyors, the criteria was then reviewed by the Project Manager.
- 4.7 Full details of the Price Evaluation Criteria are attached in Appendix 2.

5. Corporate Considerations

5.1 Consultations and Engagement

- 5.1.1 A communication strategy and comprehensive stakeholder and engagement plan for the project has been developed by the project team which outlines the process for consulting and engaging with key stakeholders.
- 5.1.2 Consultation has also taken place with the elected Members for the wards, and they have been kept up to date with the progress of the project through regular briefing notes who have been supportive of the schemes
- 5.1.3 Tenant engagement will also take place using the Council's experience on previous housing projects, utilising a tenant procurement group where appropriate to ensure that tenants' views are being taken into account during the evaluation process.
- 5.1.4 Consultation was also been undertaken with the residents of Wharfedale View in 2018 to gauge the effectiveness of the Extra Care scheme and help develop further schemes within the city. The consultation covered health and social care services and

other indicators of quality of life, satisfaction and quality of care. Key findings from the consultation found that:

- 59% of residents who completed the survey felt their self-perceived quality of life could not be better or was very good.
- 65% said they were feeling optimistic about the future all of the time or often and 55% said they were feeling good about themselves.
- 88% of participants said they were often or sometime interested in new things since moving into Wharfedale View.

5.2 Equality and Diversity

5.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) screening was completed in 2017 which looked at the potential impact of the delivery of up to 200 new Extra Care homes on equality, diversity, cohesion and integration as part of the wider Council Housing Growth Programme (CHGP). The proposals reflect differences in need in relation to existing and predicted supply of Extra Care housing across the city's neighbourhoods and seek to facilitate an increase in supply to meet current and predicted localised gaps in provision. This EDCI screening document was been updated for the Executive Board in December 2018. It is attached for reference at Appendix 1.

5.2.2 An EDCI was also appended to the November 2018 report for Executive Board on the Delivery of New Build Social Housing

5.3 Council Policies and Best Council Plan

5.3.1 Making Leeds an Age-Friendly city has been highlighted as one of the seven Best City Priorities as set out on the Best Council Plan. Leeds City Council promotes opportunities for older people to be healthy, active, included and respected, which the Extra Care housing supports. The Best Council Plan 2019-20 also includes a number of the other Best City priorities will be supported by the delivery of Extra Care and general needs housing as follows:

- Housing
- Health and wellbeing
- Strong, safe communities

5.3.2 In aspiring to be the 'Best city in the UK', the Core Strategy also takes forward the spatial and land use aspects of the Vision for Leeds, City Priority Plans and the Best Council Plan (in particular, Objective 2: to 'Promote sustainable and inclusive economic growth').

5.3.3 Supporting the delivery of housing growth including affordable housing is integral to Housing priority. The delivery of Extra Care housing underpins the Council's ambition for Leeds to be a city where people live with dignity and stay independent for as long as possible.

5.3.4 Implementing the Better Lives Programme is key to delivering the Council's 'Best Council Plan 2015-2020'. The Plan also refers to Leeds intention to "become a more

efficient, enterprising and healthy organisation”, which again is reflected by the move towards wider provision of extra care.

5.3.5 The programme will also directly contribute to the achievement of a number of the key performance indicators the council will use to measure success including:

- Growth in new homes in Leeds;
- Number of affordable homes delivered;
- Improved energy and thermal efficiency performance of houses; and
- Number of households in fuel poverty.

5.3.6 As well as enabling the council to build to meet its housing needs, the programme will also contribute to delivering against our social value charter aspirations via the creation of employment, skills and apprenticeship opportunities within the city.

5.4 **Resources and Value for Money**

5.4.1 The day to day management of this project is led by the Director of Resources and Housing. To enable the project to progress at pace, and to ensure all strands of the project are considered a multi-disciplinary cross directorate team which includes officers from Adults and Health, Housing Management, Property and Contracts and Council Housing Growth Team has been established to deliver the project.

5.4.2 The programme and budget is managed through the Housing Growth Team in conjunction with Corporate Resources and Resources and Housing Finance Teams. Each of the extra care and general needs schemes will be funded via a combination of either Right to Buy (RtB) receipts or Homes England (HE) grant plus HRA borrowing. The Council will determine the optimum funding mix for each scheme subject to confirmation of what grant rates are available from Homes England and whether these compare favourably to the amount of RtB receipts which could be applied to subsidise the schemes.

5.4.3 Within the current Council House Growth Programme £30m has been allocated to the delivery of up to 200 council owned extra care units. This funding is a mixture of HRA borrowing, RTB receipts and commuted sums which was injected into the programme by Executive Board in July 2017 and will contribute to funding the development of the two extra care schemes in this project. The original budget was based on the 45 unit extra care scheme at Wharfedale View. However moving forward, it has now been recognised that modern Extra Care schemes are comprised of between 60 to 65 units to achieve viability, and as a result it is acknowledged that there will be increased costs to deliver a modern fit for purpose scheme.

5.4.4 Funding for the general needs housing was approved by Executive Board in November 2018 as part of a programme funding approval to deliver circa 358 new general needs homes with a capital investment of around £55m.

5.4.5 Each of the general needs and extra care schemes will be funded via a combination of either Right to Buy (RtB) receipts or Homes England (HE) grant plus HRA borrowing. The Council will determine the optimum funding mix for each scheme subject to confirmation of what grant rates are available from Homes England and whether these

compare favourably to the amount of RtB funding which could otherwise be applied to subsidise the schemes.

5.4.6 The initial feasibility cost estimate for the Cartmell Drive scheme is £34.6m. The initial feasibility cost estimate for the Middlecross scheme is approximately £14m. These estimates are conservative and it is expected that pricing will be more competitive, particularly as a result of scrutiny of bidders’ pricing submissions in pricing dialogue sessions. Cost control measures have been written into the tender documentation including applying affordability thresholds on unit build costs in order to ensure that the Council achieves quality outcomes and value for money.

5.4.7 The majority of design fees will be paid to the successful contractor under the Design Service Agreement (DSA) on receipt of a validated planning submission and the contractor’s performance will be managed by the CHGT gateway process. The fees will be fixed as per the fees submitted by the bidder in their activity schedule in their tender submission. Design fees incurred at tender will be paid on award of the DSA. Bidders are required to breakdown their design fees at tender to demonstrate costs incurred pre-contract.

5.5 Revenue Savings Benefits

5.5.1 The table below models the potential benefits of placing local authority funded residents in a Generic Extra Care scheme versus the average price paid by Adults and Health for a person living in residential care provision based on current framework rates. It is evident that the Extra Care scheme will deliver significant efficiencies to Leeds City Council for each person funded by the local authority.

5.5.2 Initial financial comparisons on the average cost of residential care local authority and independent sector provision) versus Generic Extra Care guide costs reveal that extra care, even with all care recipients having high care and support needs, provides the opportunity to realise significant system cost savings.

Assessed Care Need	Generic Extra Care + (Estimated weekly cost per resident)	Residential Care (average weekly cost per resident)	Generic Extra Care (average weekly saving per resident)
Medium (2 hrs per day)	£210.00*	£544.50**	£334.50
High (3 hrs per day)	£315.00*	£544.50	£229.50

* Average cost of care based on upper guide costs issued as part of the Extra Care package 1 tender exercise.

**Average cost of Residential care based on Local Authority and Independent Sector provision

+ Figures based on individual typical individual profiles, rather than per scheme

5.6 Legal implications, Access to information and Call in

- 5.6.1 Given that the Executive Board decision in November 2018 was a treated as a Key Decision, all decisions which are a direct consequence of that Key Decision taken by Executive Board can therefore be treated as Significant Operational Decisions in accordance with Article 13.4b.
- 5.6.2 Decisions around formal approval of tender documentation and the decision to award the contract at the end of the procurement process will also be Significant Operational Decisions as a direct consequence of the Executive Board Decision.
- 5.6.3 Similarly any decisions that are taken by the Director of Resources and Housing, whether by the Director or appropriate person under his sub-delegation scheme, can be treated as Significant Operational Decisions if they flow from this Executive Board decision.
- 5.6.4 The Executive Board in November 2018 also approved the scope of the council's new housing scheme proposals and approved the use of the sites at Cartmell Drive South for the delivery of new general needs council housing for affordable rent.

6. Risk Management

- 6.1.1 A risk register for the project is managed by the project team. Any issues arising are escalated through the governance process as necessary. Some of the key risks and mitigation strategies for the programme are as follows:

Key Risk	Mitigation Strategy
1. Planning applications are refused and / or require changes, delaying the programme and resulting in increased costs	The Housing Growth team has a dedicated Planner who will carry out the pre-apps for the schemes and will review designs during the tender process to ensure they are compliant. A Highways representative will also be present to review bidders' designs to ensure compliancy. A design officer is part of the project team and will review designs to allow greater access to planning advice.
2. Challenging site conditions particularly on Cartmell Drive South, leading to programme delays / high site abnormal costs / issues	Detailed site surveys and investigations are undertaken by LCC for all the sites and provided to the selected contractors. Bidders' proposed remediation strategies and timescales for the Cartmell Drive South site will be addressed in the dialogue sessions in the procurement exercise and will be evaluated by LCC. Some site risk contingency has been built into the project budget.
3. Package 2 tender process is unsuccessful and the project team is unable to appoint a contractor	The project team will ensure there are adequate face to face clarification sessions / dialogue with bidders to assist them in submitting compliant bids. Items will be given a RAG rating to clearly highlight to bidders which elements require modification. All other bidders' clarification questions will be responded to in writing.

<p>4. Package 2 build contractor does not build to LCC requirements and defects occur</p>	<p>The technical output specification being produced by LCC is clear, robust and free from ambiguity. In addition, LCC will issue standard floor layouts for the dwellings in the tender documentation to demonstrate to bidders what LCC requirements look like in design terms. Effective quality assurance will be carried out once the contractor is onsite. These factors should reduce the potential for defects and specification problems. The contractor will be responsible for rectifying defects.</p>
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6.1.2 The implementation of the Competitive Dialogue Procedures would reduce the overall risk of this project including the specific risks listed above as it will allow for further scrutiny of proposed tenders and enable enhanced design proposals to be developed.

7. Conclusions

7.1.1 The Council has ambitious targets to deliver extra care and general needs housing across the city. This particular project involves both types of development to enable a joined up approach to design and build (particularly on the Cartmell Drive South site where the council is delivering both general needs and extra care on the same site).

7.1.2 An options appraisal has been carried out to determine the most appropriate procurement approach which recommends the use of the Competitive Dialogue process, and market sounding exercises have been carried out which confirm sufficient market interest in delivering this project on this basis.

7.1.3 Due to the complexity and scale of this project Leeds City Council believe that the Competitive Dialogue Procedure remains the most effective and fair manner in which to secure the wider objective of a significant increase in extra care provision and are seeking approval to utilise this into the procurement process in order to ensure best value.

7.1.4 Funding for the project was approved by Executive Board in July 2017 and November 2018.

7.1.5 The project team will undertake risk management to ensure that any potential risks around the procurement approach, site issues or contractor related issues are mitigated.

7.1.6 The construction of the two Extra Care schemes will also deliver significant efficiencies to Leeds City Council. Each person funded by the local authority will lead to financial benefits by placing local authority funded residents in a Generic Extra Care scheme versus the average price paid by Adults and Health for a person living in residential care provision based on current framework rates.

8. Recommendations

It is recommended that the Director of Resources and Housing:

1. Approves the decision to procure a contractor via the use of the Competitive Dialogue Procedure to design and build general needs housing and an extra care scheme at the Cartmell Drive South site in the Temple Newsam ward, along with another Extra Care scheme in Middlecross, in Armley.
2. Approves the decision to waive Contract Procedure Rule (CPR) 3.1.5 in order to utilise the Competitive Dialogue Procedure and not use the existing contractual arrangement (YORbuild2).
3. Approves the Evaluation Criteria to be used for Extra Care Package 2 in line with CPR 15.1

Background Documents

None.