

**Report of Head of Leeds Building Services
Report to Director of Resources and Housing**

Date: 20th June 2019

Subject: Authority to undertake a procurement exercise in line with CPR 3.1.6 for the appointment of contractors to carry out Planned – Isolated Rewiring Works to Domestic Properties

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 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. Planned works rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation. These currently covered on the existing electrical contract for housing. However, due to the lack of capacity within that contract Leeds Building Services (LBS) require separate contract, and specific electrical rewiring resources, to help LBS deliver the Kitchen and Bathroom programme.
2. In order to establish such a contract, a procurement options review has been undertaken, and this procurement has already been added to the list of forthcoming key decisions.

Recommendations

1. The Director of Resources and Housing is requested to approve, in line with Contract Procedure Rule 3.1.6, a competitive tender process to procure a contract with providers to be appointed for a 3 year period with the option to extend for a further 12 month period in the estimated sum of £1.05 million per annum.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval, in accordance with Contract Procedure Rule (CPR) 3.1.6, to carry out a competitive procurement exercise to put in place a contract to deliver kitchen and/or bathroom rewiring and planned isolated rewiring works to domestic properties in order to support LBS delivery of their programme of work.
- 1.2 To outline the reasons behind the decision and the steps taken to ensure the tender submissions demonstrate and provide domestic electrical contractors that demonstrate both expertise and value for money.

2. Background information

- 2.1 LBS currently manage the delivery of isolated rewires and rewires associated with kitchen and bathroom installations works that are currently undertaken through an existing electrical contract that has been in place since early 2015.
- 2.2 An initial tender was published 15th March 2019 to a list of contractors via YORtender and tenders were received on 5th April 2019. Three bidders submitted tenders for this contract, however, in accordance with 17.2 of the original tender instructions, Leeds City Council gave notice to withdraw the opportunity on 14 May 2019. Unfortunately, the tender failed to generate enough interest and the number of bids received were deemed to be insufficient to demonstrate achieving best value for money through our evaluation process. The original tender documents are currently being reviewed to identify any areas that could be enhanced in the specification.
- 2.3 The abandonment of this procurement exercise was agreed by the Chief Officer Property and Contracts and tenderers were advised accordingly.
- 2.4 In the review of the original tender documents, the specification and purpose of the contract was revised, which has identified the need for the engagement of greater contractor resources to support LBS in their programme of works. The contract is to include the delivery of isolated rewires and rewires associated with kitchen and bathroom installation works to occupied and unoccupied domestic properties.

3. Main issues

- 3.1 Leeds Building Services will deliver approximately £1.05 million per annum in relation to planned isolated rewiring works to domestic properties, and rewires associated with replacement kitchens and/or bathrooms. It is proposed that the contract period will be for 3 years with the option to extend for a further 12 months.
- 3.2 It is proposed that the tender evaluation methodology will be based on a 60% price and 40% quality split. The questions and weightings that make up the quality tender evaluation criteria are being prepared and approval of the evaluation criteria (including the quality questions) will be sought from the Chief Officer of Property and Contracts in accordance with CPR 15.1 in due course.
- 3.3 It is proposed that the contract will be awarded to four contractors to work city-wide. The works will be allocated to the successful contractors with an approximate split of 40%, 20%, 20%, 20% based on the value of the works. The contractor who scores the highest overall on the price/quality evaluation will be allocated 40% of the works. Following completion of the evaluation described in tender instructions,

the second, third and fourth placed bidders score will be examined. The overall score of the second, third and fourth placed bidders will be analysed against the first placed bidders overall score. If the second, third or fourth placed bidders overall score is more than 20% lower than the first placed bidder's overall score, the Council reserves the right, in its absolute discretion, to award more than 40% of the works to the first placed bidder. The first placed bidder will have the option to accept or decline this increase in work. The remaining percentage of the work will be allocated to the second, third and fourth placed bidders in line with the above.

- 3.4 So as to attempt to generate a good level of interest extensive research has been undertaken using the Government's approved list 'Constructionline' in order to identify good quality electrical domestic rewiring specialists. The EOI has been prepared to identify a clear scope of the works required to contractors and the key timelines for implementation.

4. Procurement Options

- 4.1 **Do nothing** – This option was discounted as there would be no procurement activity and therefore no contractor to deliver the programme of works.
- 4.2 **Use of existing Electrical Contract** – This option was discounted as the existing suppliers in this contract are at full capacity and unable to accept any additional work.
- 4.3 **Internal Service Provider (ISP)** – This would be a very quick option since there would be no procurement activity and work could be awarded directly to the ISP. However on this occasion this is not relevant as the procurement is required to support in house capacity to deliver isolated rewiring works and the contractors will be managed by LBS directly.
- 4.4 **External Frameworks** – Efficiency North Framework and YORbuild2 Framework: an expression of interest was undertaken with reference to a Lot covering Electrical Installers on the Efficiency North Framework and Lot 2 Construction Works for YORbuild2. The contractors were invited to express an interest from Efficiency North, but did not have the current capacity required to take on the works. YORbuild2 had 3 contractors that expressed an interest in tendering for the works, however, this response was not considered to give enough bidders to provide value for money. Other external housing frameworks have also been considered, bidders appointed to these frameworks have already been assessed through an OJEU compliant competitive tendering exercise and have been deemed as best value. Using the call off mechanism in these frameworks, a mini competition exercise could be carried out to test the appointed providers. Timescales for the procurement could have been reduced as frameworks are already established and no shortlisting would be required. Unfortunately there are no suitable lots on these frameworks that could fit Leeds City Council's requirements and therefore this option has not been recommended as the preferred procurement approach.
- 4.5 **Procure Leeds Own Contract (Recommended)** – This route is considered to be the most appropriate route as the value is below the OJEU threshold for works (£4,551,413.00). As referred to above on 3.4 an expression of interest was undertaken from a selection of contractors via Constructionline. 14 contractors have expressed an interest in tendering for the works and all have extensive domestic rewiring knowledge and expertise. All 14 contractors will be invited to the tender

according to the indicative dates in the timeline below. This route is recommended as it is hoped, and anticipated that it will bring in tender submissions from new contractors to the Council in addition to providing useful resources to help LBS deliver this major programme of work. The proposed timetable for the delivery of this arrangement is as follows:

An indicative timetable for the proposed procurement process is set out below:	
Dates	Process
July 2019	Issue Tender Documentation
4 Weeks Later	Tender Submission Deadline
4 Weeks	Tender Evaluation and Governance Approval
September 2019	Contract Award
October 2019	Contract Start

4.6 Corporate Considerations

4.6.1 Consultation and Engagement

4.6.2 Leeds Building Services have consulted with:

- Housing Procurement Team representatives, for developing relevant data protection aspects of the tender documents.
- Leeds City Council's information governance teams have contributed to developing relevant data protection aspects of the tender documents.
- The report has been seen and supported by Procurement and Commercial Services Team.

4.7 A privacy Impact Assessment was completed from which it was determined that the delivery contractors role would be that of a Data Processors. Assessment of how contractors respond to the requirements of the Data Protection Act 2018 is part of the quality evaluation criteria. The tender documentation will also include standard clauses in line with the General Data Protection Act 2018. We are currently working with Leeds City Council Information Governance Team in order to develop these.

4.8 Equality and Diversity / Cohesion and Integration

4.8.1 An equality, diversity, cohesion and integration impact assessment has been undertaken which has indicated that there are no negative impacts arising from undertaking this procurement.

4.8.2 The proposal will enable the delivery of isolated rewiring works for Leeds tenants. This work will enhance people's quality of life. It will also ensure compliant, safe wiring is installed in Leeds Housing Properties.

4.9 Council Policies and Best Council Plan

- 4.9.1 The procurement of this contract will enable the delivery of kitchen/bathroom rewires, and/or isolated rewiring works within the city and therefore contribute to key objectives within the Best Council Plan by:
- Ensuring high quality health and wellbeing – improving quality, efficiency and involving people in shaping their city. With a focus on, improving housing and ensuring the wiring is complaint and safe to good workmanship standards.
 - Delivery of Better Lives programme – helping local people with care and support needs to enjoy better lives. With a focus on, helping people to stay living at home and creating the right housing, care and support.

4.10 Resources and Value for Money

- 4.10.1 The procurement will be carried out in an open and transparent manner in line with the Public Contract Regulations 2015 and EU Public Procurement Directives whilst ensuring competition is sought to identify best value.
- 4.10.2 This contract will be managed by Leeds Building Services, who will develop and implement a Contract Management Plan which will detail how the contract will be managed, including performance reporting processes and how payments will be made. Whilst the performance indicators and service standards will be the same for both internal and external providers there is a need to have separate plans due to the differences in communication with the provider, payment processes and reporting mechanisms. Leeds Building Services are working to develop a draft contract management plan for review prior to contract award.

5. Legal Implications, Access to Information and Call In

- 5.1 The delegated decision to determine the procurement approach for the consultancy services detailed in the report should be taken in compliance with Contract Procedure Rules 3.1.6.
- 5.2 Given the costs related to this contract this decision will be a key decision and will be eligible for call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 5.3 In making their final decision, the Director of Resources and Housing should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

6. Conclusions

- 6.1 In conclusion, this report highlights the proposed procurement route and sets out the proposed contract structure for the delivery of planned works rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation to domestic properties.
- 6.2 LBS and procurement officers have reviewed all the potential procurement options and have concluded that the preferred option would be to establish a contract using a competitive tender process on YORtender; inviting contractors from Constructionline who have expressed an interest. Extensive work has been carried out ensure that the latest EOI invited additional contractors and has resulted in 14 further contractors expressing their interest in these works and potentially

submitting a bid for this tender. Further work has been carried out to improve the specification and tender documentation, including the pricing document.

- 6.3 This contract will support LBS to deliver the specific programme of work. It is expected, with the extensive works that have been undertaken in new market research, this new contract will generate interest and hopefully a greater number of tender returns. Therefore, it is anticipated that this will provide benefits of a more competitive price being achieved, in addition to additional contractor resources.

7. Recommendations

- 7.1 The Director of Resources and Housing is requested to approve, in line with Contract Procedure Rule 3.1.6, a competitive tender process to procure a contract with providers to be appointed for a 3 year period with the option to extend for a further 12 month period in the estimated sum of £1.05 million per annum.

8. Background Documents¹

- 8.1 Previous ATP report.