

Report of Head of Leeds Building Services

Report to Director of Resources and Housing

Date: 12th September 2019

Subject: Contract Award for rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation.

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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 - Confidential Tender Analysis	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main issues

- Leeds Building Services (LBS) are looking to award a contract for rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation to domestic properties in and around Leeds.
- This report demonstrates the process undertaken and the results from a tender exercise, utilising Constructionline, to identify good quality electrical domestic rewiring specialists and seeks approval to award contracts to three external contractors.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

The award 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.

3. Resource Implications

- The proposed value of the contract is £1.05 million per annum (£4.2 million over the term including extensions).
- This contract will be managed by LBS, 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 provider and external contractors there is a need to have separate plans due to the differences in communication with the contractors, payment processes and reporting mechanisms. LBS are working to develop a draft contract management plan for review prior to contract award.

Recommendations

- a) The Director of Resources and Housing is recommended to note this contract award report and approve the award of a contract to three external contractors for rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation to domestic properties in and around Leeds for the period 20th October 2019 to 19th October 2022, with the option to extend for a further 12 month period (maximum of 4 years). The proposed contractors are:
 - A Coole Electrical Limited
 - Palm Yorkshire
 - SSE Contracting Limited
- b) The Director of Resources and Housing is asked to note that the estimated contract value over the initial 3 year contract period is £3,150,000 (£1,050,000 per annum) with a maximum of £4,200,000 if the extension period is utilised. The planned works will be allocated to the three external contractors proposed for award on a 60%/20%/20% split per annum basis, subject to satisfactory performance and providing the first placed bidder A Coole Electrical Limited, accepts this increase in work. If the first place bidder is to decline the increase in work, the remaining percentage of the work will be allocated equally to Palm Yorkshire the second and SSE Contracting Limited, third place bidders.

1. Purpose of this report

- 1.1 The purpose of this report is to document the procurement process undertaken, including how tenders were evaluated and which three preferred external contractors are proposed to be appointed for the initial 3 year term of this contract.

2. Background information

- 2.1 The procurement strategy report as required under CPR 3.1.6 in order to invite external competition was approved in July 2019, with an effective date of decision from 17th July 2019. This report considered appropriate procurement options and approved the use of inviting contractors from 'Constructionline' to a tender, as the manner in which to proceed with an external procurement competition. This report also acted as the Key decision under the Constitution.
- 2.2 LBS has been requested to deliver £1,050,000 per annum of rewiring works to approximately 850 domestic occupied and unoccupied properties across the city on behalf of Housing Leeds, per annum.
- 2.3 LBS do not currently have the internal capacity to deliver the works directly and are proposing to contract out approximately £1,050,000 per annum, shared between three external contractors.

3. Main issues

- 3.1 In order to deliver a consistent service to Housing Leeds in maintaining the housing stock across the city, LBS will need to establish compliant and sufficient contractual arrangements in order to support the established workforce.
- 3.2 We are proposing to establish a contract for a three year period starting in October 2019 with the option to extend for a further 12 months.
- 3.3 Due to the nature of the works, there is no guarantee of any volume of works throughout the contract term.
- 3.4 We conducted an Expression of Interest inviting contractors from 'Constructionline' and 14 suppliers were subsequently invited to tender. Out of the 14 suppliers, 4 submitted tenders and 1 opted out.
- 3.5 The 4 remaining were assessed on a 60% price, 40% quality basis. There was a minimum threshold for the quality criteria of 60% on Question 4 for Health and Safety (60 points out of the 400 available). The evaluation team comprised of officers from Leeds Building Services.
- 3.6 Following the completion of the quality review, a summary table is listed below;

Organisation	Quality Score (400 Points)
A Coole Electrical Limited	240.00
Excell (UK) Limited	177.50
Palm Yorkshire	265.00
SSE Contracting Limited	187.50

- 3.7 The Council's Quantity Surveyor was responsible for evaluating the pricing tenders. Bidders were required to complete a schedule of rates for the works which was then applied to a sample schemes for evaluation .The pricing schedule consisted of a schedule of rates for rewire with indicative quantities.
- 3.8 The cheapest price submitted was A Coole Electrical Limited who scored the maximum number of points (600) and Palm Yorkshire received the lowest possible mark due to being 22.88% more expensive

Organisation	Price Score (600 Points)
A Coole Electrical Limited	600.00
SSE Contracting Limited	419.16
Palm Yorkshire	382.74
Excell (UK) Limited	Did not meet minimum quality threshold

- 3.9 The tenderer with the lowest total price achieved the highest score available for price and the other tenderers received a reduced score based on calculating the percentage difference between them and the lowest price and deducting this percentage from the maximum score available.
- 3.10 The combined Quality and Price Scores were as follows:

Organisation	Quality Score (400 points)	Price Score (600 Points)	Total (out of 1000 points)	Rank
A Coole Electrical Limited	240.00	600.00	840.00	1 st
Excell (UK) Limited	Does not meet minimum quality threshold.			
Palm Yorkshire	265.00	382.74	647.74	2 nd
SSE Contracting Limited	187.50	419.16	606.66	3 rd

- 3.11 Full details of both the quality and pricing review can be found in the Appendix 1 Confidential Tender Analysis.
- 3.12 The three organisations who are recommended for the contract award are:
- A Coole Electrical Limited
 - Palm Yorkshire
 - SSE Contracting Limited

- 3.13 The project team acknowledges the original report proposed the contract would be awarded to four contractors to work city-wide. However, upon the quality evaluation taking place one of the contractors did not meet the Health and Safety quality threshold set of 60%. Therefore, the recommendation is to appoint the three tenderers above, based on the following considerations;
- 3.14 All three tenderers have exceeded the minimum quality threshold put in place as part of the tender process and therefore are all eligible to continue in the process in accordance with published tender documentation.
- 3.15 In accordance with the tender documents the works will be allocated to the successful contractors with a higher % allocation to the contractor who scores highest overall on the price/quality evaluation with the remaining % to be allocated on an equal basis to each of the other contractors based on the value of the works.
- 3.16 We are seeking to apply our right to increase the intended allocation of work on the basis that the second placed bidder's overall score is more than 20% lower than the first placed bidder's overall score, therefore an approximate allocation of 60% is to be awarded to the contractor who scored the highest overall on the price/quality evaluation with 20% to each of the other two contractors based on the value of the works.
- 3.17 The established contract including allocation of work packages will be managed by LBS, who will develop and implement a Contract Management Plan. This will ensure that any underperformance is efficiently identified and appropriate action taken. A draft contract management plan will be available for review prior to contract award.
- 3.18 The service are comfortable that three contractors will be sufficient to deliver the full requirement of the contract.
- 3.19 In addition, the rates submitted by the successful contractors have been benchmarked against current and historic 'industry' rates and are deemed to be within acceptable parameters for work of this nature.
- 3.20 Prior to award, financial checks have been completed of all three contractors to ensure there is no risk to the authority. The results will be kept on file.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation and Engagement with council stakeholders have taken place when developing the procurement work stream as well as assessing the tenders when they were returned. This has involved the Projects, Procurement and Contract Management team and LBS. When necessary, legal advice has been sought from the Procurement Legal team.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality and Diversity Screening was carried out and completed when we asked for the procurement strategy to be approved in July 2019. This indicated that there was no expected impact on the protected characteristics of individuals and therefore it was not applicable to do an EDCI impact assessment.

4.3 Council policies and the Best Council Plan

4.3.1 We ensured that the procurement was undertaken with a view to ensure openness, transparency and fairness and in line with the Council's Contract Procedure Rules.

Climate Emergency

4.3.2 The Council declared a Climate Emergency for the City on the 27th March 2019 and one element is to reduce carbon emissions. How we are trying to achieve this is by scheduling the works so that sites nearby are worked on at similar times. Through shared travelling and bulk deliveries to site, this will reduce the impact on each area and help to reduce the frequent travelling of the staff and materials.

4.4 Resources, procurement and value for money

4.4.1 The procurement was carried out in an open and transparent manner in line with the Contract Procedure Rules (CPRs) whilst ensuring competition is sought to identify best value.

4.4.2 This contract will be managed by LBS, who will develop and implement a Contract Management Plan which will include performance reporting processes and how payments will be made. Whilst the performance indicators and service standards will be the same for both internal provider and external contractor there is a need to have separate plans due to the differences in communication with the contractor, payment processes and reporting mechanisms. LBS are working to develop a draft contract management plan for review prior to contract award.

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

4.5.1 Given that the Key Decision has already been taken, this decision is a Significant Operational Decision as it is as a consequence of the original Authority to Procure, and is not subject to call-in. Other than confidential Appendix 1, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.5.2 The information in Appendix 1 of this report has been identified as exempt/confidential under the Access to Information Rules 10.4 (3). The public interest in maintaining the exemption in relation to the confidential Appendix 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 a number of individual companies.

4.5.3 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.

4.6 Risk management

4.6.1 Key areas to monitor and potential areas of risk are:

4.6.1.1 Establishing robust specifications and ensuring the contractors are working compliantly within the required specifications.

4.6.1.2 Ensuring the identified contractors are managed effectively with robust contract management plans being identified and actively implemented.

- 4.6.1.3 LBS will ensure that regular contract meetings are taken place throughout the duration of the contract and they will monitor Performance Measures/KPI's that are included within the specification and Contract Management Plan. LBS will ensure performance standards are met by the contractors and if they are found to be underperforming and failing to meet minimum standards, appropriate action will be taken to rectify the cause of failure.
- 4.6.1.4 Budgets will be monitored regularly to ensure that they're on track with expected levels of spend.
- 4.6.1.5 There is a risk that once the contract is awarded, a contractor(s) may not accept the work/may fall into financial difficulty. Financial checks have already taken place and all three contractors are financially stable. If they reject work packages, LBS will closely monitor the contractor(s) and identify reasons for rejection of the work.

5. Conclusions

- 5.1 There is a requirement from LBS to deliver £1,050,000 of rewiring works to approximately 850 domestic occupied and unoccupied properties across the city on behalf of Housing Leeds, per annum.
- 5.2 We therefore undertook a procurement process in accordance with the Council's CPRs with guidance and support from the LBS Team, in order to meet this requirement.
- 5.3 The rewires requirement has now been through a robust tender process and three contractors have been successful in their submissions. One of these are a current incumbent.

6. Recommendations

- 6.1 The Director of Resources and Housing is recommended to note this contract award report and approve the award of a contract to three external contractors for rewiring including both isolated rewires and rewires associated with Kitchen and/or Bathroom installation to domestic properties in and around Leeds for the period 20th October 2019 to 19th October 2022, with the option to extend for a further 12 month period (maximum of 4 years). The proposed contractors are:
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- 6.2 The Director of Resources and Housing is asked to note that the estimated contract value over the initial 3 year contract period is £3,150,000 (£1,050,000 per annum) with a maximum of £4,200,000 if the extension period is utilised. The planned works will be allocated to the three external contractors proposed for award on a 60%/20%/20% split per annum basis, subject to satisfactory performance and providing the first placed bidder A Coole Electrical Limited, accepts this increase in work. If the first place bidder is to decline the increase in work, the remaining percentage of the work will be allocated equally to Palm Yorkshire the second and SSE Contracting Limited, third place bidders.

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.