



**Report of** Jon Andrews, Capital Programme Manager  
**Report to** Director of Resources & Housing  
**Date:** 11 November 2019  
**Subject:** Call off from Re-Roofing and Associated Works framework for contractors to undertake 2020/21 housing planned works

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 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
Will the decision be open 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

### 1. Main issues

- Authority is requested to undertake a call off from the council's housing Re-Roofing & Associated Works framework agreement in order to carry out a competition exercise to select and subsequently appoint two contractors to undertake planned reroofing works in 2020/21
- Re-roofing and associated works to residents' properties as required are an ongoing part of the housing capital programme, funded by the Housing Revenue Account (HRA).
- The current estimated value of works in 2020/21 to be undertaken by external contractors is approximately £2.25m.
- The Re-roofing and Associated Works framework agreement was procured during 2017 - it commenced 1st April 2018 and is for a period of 4 years. Four Contractors were appointed with no guarantee to them of work, but on the basis that all would be invited to take part in a competitive call-off procurement process each year.
- In line with the Council's Contract Procurement Rules (3.1.6), a separate key decision is required to authorise the call off of these works under the framework agreement and thus select the contractors to be used to deliver works from 1st April

2020 to 31<sup>st</sup> March 2021. The decision on contractor selection leading to contract awards will be a resulting Significant Operational Decision.

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

- This will improve the homes for Leeds City Council tenants and make them more energy efficient leading to the reduction in fuel poverty.
- This will also help with having a safe, strong communities in that the council will be responding to the local needs

## **3. Resource Implications**

- Should Leeds City Council not call off for 2020/21 this will cause issue in that we will not be fulfilling our statutory duty under the Landlords and Tenants Act Section 11 in making sure homes are fit for purpose and not replacing old roofs will cause issues in leakages, and damp homes
- Changing suppliers from one year to the next will cause issues. If it does TUPE & mobilisation time will need to be factored into any cost and timings. TUPE letters have gone out to our current suppliers.

## **Recommendations**

- a) It is recommended that the Director of Resources & Housing approves the call off from the Re-Roofing and Associated Works framework agreement for approximately £2.25m for the financial year 2020/21 (framework year 3) for housing planned works,
- b) The Director of Resources and Housing should note that a separate report on the tender evaluation process resulting in the recommendation on award of contracts for 20/21 will be brought for approval in early 2020.

## **1. Purpose of this report**

- 1.1 This report seeks approval to call off from the Re-Roofing and Associated Works framework agreement for contractors to deliver the annual planned works under the housing capital programme for 2020/21

## **2. Background information**

- 2.1 Planned works are the undertaking of required renewals and maintenance works that have been planned in advance and include a works programme e.g. Roofs and Associated Works as appropriate to our circa 53,500 council homes (including lease holders but excluding PFI & BITMO)
- 2.2 Re-Roofing and Associated works to residents' properties as required are an ongoing part of the planned works within the housing capital programme, funded by the HRA
- 2.3 The current estimated value of the works in 2020/21 to be undertaken by external contractors is approximately £2.25m. This is the same as in 2019/20.

- 2.4 A four year framework agreement has been created for housing planned works related to Re-Roofing and Associated Works (DN234444) for works from April 2018-March 2022 following an openly advertised OJEU compliant competitive procurement exercise. The four contractors on this agreement were appointed following a quality and price evaluation:
- A. Connolly Ltd
  - Liberty Group
  - DLP Services (Northern) Ltd
  - Mears Limited
- 2.5 To maintain competition within the framework it was set up to anticipate that two of the four appointed contractors under the framework will deliver the works on an estimated 50/50% basis starting on the 1<sup>st</sup> April 2020.
- 2.6 During the first two years of the framework A. Connolly Ltd & Liberty Group have been delivering the works. Both contractors have been delivering the works well and to a high standard, in addition to being engaged with local suppliers and sub-contractors to deliver the works.
- 2.7 Based on anticipated expenditure under year 3 of the framework agreement it is likely that any works required for what would be year 4 (2021/22) and onwards, will need to be the subject of a separate new procurement exercise as the estimated total value of the original advertised framework agreement will have been reached after completion of the year 3 works.

### **3. Main issues**

- 3.1 In line with CPR 3.1.4 our internal service provider Leeds Building Services will manage the works, using external contractors under the existing bespoke framework agreement, as well as delivering some works directly
- 3.2 CPR 3.1.6 clarifies that a call off from the framework agreement is not to be treated as a consequential decision of setting up that agreement, and thus is a separate decision. Given that the value involved under this call off for the 2020/2021 planned works this is a key decision
- 3.3 The framework was set up with a clear selection procedure for year 3 works (2020/21 spend) onwards. This is noted below.

For subsequent years (years 2, 3 and 4 of the framework), Contractors will review and re-submit the Pricing Schedule, which will be evaluated (on a price-only basis) and ranked by the Employer. The two framework Contractors that are ranked first and second place according to their revised Pricing Schedule will be selected to deliver works for that financial year.

It should be noted that in evaluating costs, the Employer will consider the viability of the price submitted. If the Employer believes the cost is abnormally high or low, they will seek clarification to understand further the basis of the price submitted. If clarification does not satisfy their concerns, the Employer reserves the right to discount the proposal from further evaluation. It should be noted that prices cannot be altered after they have been submitted.

Following completion of the evaluation as detailed above, if the second placed Contractor is about to be awarded one of two Work Packages, the Employer shall analyse the second placed Contractor score against the highest scoring submission. If the second placed Contractor overall score is more than 15% lower than the overall score of the highest scoring submission the Employer reserves the right to award both Work Packages to the highest scoring submission

- 3.4 It is proposed to undertake the call off contract in line with the call-off procedure set out in the framework agreement to identify the two contractors (or possibly just one if there is a large difference in the prices as set out above) for the 2020/21 works.
- 3.5 These contractors will continue to be required to be comply with the technical and quality requirements of the framework agreement including their method statements submitted at framework award.
- 3.6 In addition it should be noted that LBS will also deliver £1m of reroofing directly themselves in 2020/21.

#### **4. Corporate considerations**

##### **4.1 Consultation and engagement**

- 4.1.1 Appropriate consultation and engagement was previously undertaken for the development and procurement of the framework agreement, including in relation to tenants and leaseholders
- 4.1.2 Where leaseholders will be receiving specific works to their properties in 2020/21 by the agreed contractors, further consultation will be undertaken in line with legal notices required under the Leaseholder Consultation Requirements (England) Regulations 2003.
- 4.1.3 Leeds Building Services, legal, procurement and finance colleagues have all been consulted in the development of this report

##### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 There are no equality and diversity or cohesion and integration issues related specifically to the framework call off for re-roofing and associated works activity.
- 4.2.2 Of note is that an EDCI assessment was completed for the competitive procurement of this and two other planned works frameworks and informed the requirements we place on the contractors, such as in relation to the contractors Resident Liaison Role. This and the completed PIA, also informed how we make sure appropriate resident information is provided to contractors in a safe and secure way

##### **4.3 Council policies and the Best Council Plan**

- 4.3.1 Investment in these planned works and resulting activity contribute to the councils Best Council plan. In that it will improve the housing stock and help reduce energy poverty.

###### Climate Emergency

- 4.3.2 This will help with the climate emergency in that replacing the roofs and associated works the council is investing to insulate roofs reducing CO2 emissions from power stations as the properties will be more energy efficient so do not need to use Gas or electric to heat the homes.
- 4.3.3 For the framework all tenderers had to complete social value plans for evaluation, including Employment & Skills targets. These include a commitment to training days, workshops and work experience opportunities and a 100% commitment for all

job vacancies to go through Employment Leeds. As well as in-kind of funding support for works of community led organisations.

- 4.3.4 The successful contractors for 2020/21 will be held to their social value plan commitments through contract management activity.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 The original framework was competitively tendered for in 2017 to provide value for money alongside quality questions more information can be found in the framework award report
- 4.4.2 The selection process under the Re-Roofing and Associated Works framework was designed to introduce additional competitiveness between the contractors. The form of contract to be used with each contractor is NEC3 ECC Option A, so a price and programme is agreed for works at the beginning of the year, enabling robust contract management of any agreed changes to this.

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

- 4.5.1 The report is a key decision and is subject to call in
- 4.5.2 The annual call-off for each years work for each contractor requires a separate contract award in line with the approach set out in the framework agreement
- 4.5.3 There are no grounds for keeping the content of this report confidential under the Access to Information Rules.

#### **4.6 Risk management**

- 4.6.1 The procurement of the framework agreement was undertaken in accordance with the Public Contracts Regulations 2015 and the council's contracts procedure rules, with full guidance and support from procurement, commercial and legal experts.
- 4.6.2 The selection procedure to call off from the framework for 2020/2021 works is being taken forward in line with the process set out in the framework agreement to minimise the risk of any challenge or issues arising.
- 4.6.3 TUPE may apply between the two current contractors for the 2019/2020 works and new ones. Therefore we are following the appropriate approach, including asking the current contractors for TUPE workforce information, and making sure this is clear to contractors as part of the procurement process.
- 4.6.4 The contractors will be managed in line with the contract and the contract management plan to manage risks during operational delivery. Significant risks include failure to achieve programmed numbers of properties or agreed budgetary spend.

#### **5. Conclusions**

- 5.1 The planned procurement process to be undertaken for the call off from the framework is in accordance with the council's contract procedure rules, with guidance of legal and Procurement & Commercial Services.
- 5.2 It is also in line with the selection procedure of the framework agreement.

- 5.3 The call off and selection of the contractors will enable the delivery of planned re-roofing and associated works under the housing capital programme for 2020/21, funded by the Housing Revenue Account (HRA). To delay this call off would result in a major impact on the delivery of the capital programme.
- 5.4 It is proposed that this call off for year 3 will be the last call off from the framework agreement based on expenditure to date and plans will be put into place to develop and deliver a new procurement strategy to be in place for April 2021.
- 5.5 In addition it should be noted that LBS will also deliver £1m of reroofing directly themselves in 2020/21.

## **6. Recommendations**

- 6.1 It is recommended that the Director of Resources & Housing approves the call off from the Re-Roofing and Associated Works framework agreement for approximately £2.25m for the financial year 2020/21 (framework year 3) for housing planned works.
- 6.2 The Director of Resources and Housing should note that a separate report on the tender evaluation process resulting in the recommendation on award of contracts for 20/21 will be brought for approval in early 2020.

## **7. Background documents<sup>1</sup>**

[Re-roofing and Associated Works Tender Evaluation and Award Report](#) (December 2017 – for the framework agreement)

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<sup>1</sup> 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.