



Report of Head of Strategy and Investment

Report to Director of Resources & Housing

Date: 20th February 2020

Subject: Re-Roofing & Associated Works 2020/21 – Tender Evaluation report in connection with framework call-off for year 3

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Confidential under access to information procedure rule number: 10.4.3 Appendix number: 1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main issues

- Housing Leeds Planned Works: Re-Roofing and Associated Works framework agreement commenced on the 1st April 2018 for a 4 year period.
- Four contractors were appointed to the framework agreement and every year the four organisations are invited to tender in competition for works packages with the two lowest priced tenderers being appointed for that year. The estimated expenditure through the framework in 2020/21 is £2.25million.
- Leeds Building Services (LBS) as the council's internal service provider will also deliver £1million of Re-Roofing directly themselves in 2020/21.
- A Key Decision was taken by the Director of Resources & Housing on the 9th December 2019 to approve the procurement strategy for the 2020/21 Re-Roofing and Associated Works call-off.
- Following Key Decision approval, a competitive tendering process has taken place with all four organisations from the established framework. This tender has taken place on the basis that the two lowest priced bids would be appointed to undertake the work for the period 1st April 2020 – 31st March 2021.
- The tender evaluation for 2020/21 year three call-off has now been concluded and this has identified two contractors from the framework agreement to carry out the work. The report to award these contracts will be a Significant Operational Decision

as outlined in the original Key Decision dated 9th December 2019 and it is proposed that works will commence 1st April 2020.

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

- This will contribute to better homes making sure that the houses are saving energy efficient with less heat escaping from old roofs or where slates have been damaged or dislodged for any reason.

3. Resource Implications

- There will be a resource implication in that Leeds City Council will need address a change in one of contractors incorporating time to demobilise Liberty Group (who have delivered works in years 1 and 2) and time to effectively mobilise DLP Services (Northern) Limited. There may be TUPE implications but this is on a contractor to contractor basis and so should not have any implications for Leeds City Council.

Recommendations

- The Director of Resources and Housing is requested to:
 - i. Approve the award of contracts following the call-off carried out as a price only mini tender for Re-Roofing and Associated Works 2020/21 (year three of the framework) to the following two contractors:
 - A Connolly Limited
 - DLP Services (Northern) Limited
 - ii. To note that this call-off covers the 12 month period 1st April 2020 to 31st March 2021 and the estimated expenditure will be approximately £2.25million split between the 2 contractors.

1. Purpose of this report

- 1.1 The purpose of this report is to document the tender evaluation process and seek approval to award contracts to two contractors for the delivery of the 2020/21 Re-Roofing and Associated Works.

2. Background information

- 2.1 Planned works are undertaking 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 approximately 55,000 council homes (including leasehold but excluding Private Finance Initiative & Belle Isle Tenant Management Organisation homes)
- 2.2 The need to undertake planned work is considered necessary under the councils' obligation to its tenants. Investment decisions are predominantly dictated by stock condition data, but are also influenced by referrals from responsive repairs and intelligence from the Housing & Responsive Repair team.

2.3 A Key Decision was taken on 9th December 2019 by the Director of Resources & Housing in order to approve the competition process as a call off from the Housing Leeds: Planned Works: Re-Roofing & Associated Works framework agreement for year three 2020/21 Re-Roofing & Associated Works.

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 contract. For years two, three (this year) and four, the tenders are to be evaluated on a price only basis, with those ranked first and second named as the successful contractors for that year.

3.3 The tender call off for year three 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 their submissions were evaluated by the Quantity Surveyors in the Commercial Team for completeness and correctness. These submissions were also assessed against the market rates.

3.4 Full details of this price evaluation can be found in the confidential Appendix 1

3.5 Following completion of the tender price only evaluation a summary of the results are listed below:

	Organisation	Total Score
1	A Connolly Limited	700.00
2	DLP Services (Northern) Limited	635.70
3	Liberty Group	597.19
4	Mears Limited	567.17

3.6 The two organisations recommended to be appointed for the 2020/21 Re-Roofing & Associated Works are:

1. A Connolly Limited
2. DLP Services (Northern) Limited

3.7 Financial due diligence has taken place against each contractor chosen to undertake this year's work and identified no issues.

3.8 Contract management plans are being reviewed and will be ready for implementation on the 1st April 2020.

4. Corporate consideration

4.1 Consultation and engagement

4.1.1 The Key Decision for the Authority to Procure for the 2020/21 Re-Roofing & Associated Works was made by the Director of Resources & Housing in 9th December 2019.

4.1.2 Consultation with Leeds Building Services was undertaken and they declined to carry out this work.

4.2 Equality and diversity / cohesion and integration

4.2.1 An Equality, Diversity, Cohesion and Integration 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 the council 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 the Best Council Plan

4.3.1 This will contribute to better homes making sure that the houses are energy efficient with less heat escaping from old roofs or where slates have been damaged or dislodged for any reason

Climate Emergency

4.3.2 At Full Council on 27th March 2019, Leeds City Council passed a motion declaring a Climate Emergency. In addition, the Leeds Climate Commission have proposed a series of science based carbon reduction targets for the City so that Leeds can play its part in keeping global average surface temperature increases to no more than 1.5c.

4.3.3 One element is to reduce carbon emissions. How we are trying to achieve this is help with fuel poverty in that re-roofing will lower heating costs of homes as they will be insulated more effectively with the new roofs. This will mean as less heat is being lost through the roofs tenants are able to heat their homes more efficiently.

4.4 Resources, procurement and value for money

4.4.1 Due diligence has been undertaken on the tender submissions to ensure that they are viable, comprehensive, realistic, sustainable and offers value for money.

4.4.2 The 2020/21 Re-Roofing and Associated Works call-off order is valued at £2.25 million and will be 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 be revised in light of the revisions to the HRA Business Plan. 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 9th December 2019 and is therefore a Significant Operational Decision which is not subject to call in. Other than the confidential appendix, 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 The tenders have been evaluated in accordance with the evaluation criteria set out in the original tender documents. This states call-offs for years two, three and four will be evaluated on price only.
- 4.5.4 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.
- 4.5.5 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 A risk register has been produced for the 2020/21 call off. The project team continue to monitor the identified risks and consider any new risks moving forward through the 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 2020.

5. Conclusions

- 5.1 The procurement process has been undertaken in accordance with the Public Procurement Regulations and the Councils Contract Procedure Rules, with guidance and support from the Procurement and Contracts team.
- 5.2 Following the tender evaluation of the four tender submissions it is proposed to award the works for year three (2020/21) to A Connolly Limited & DLP Service (Northern) Limited as identified in section 3 of this report.
- 5.3 As identified in the initial Key Decision for the Authority to Procure on 9th December 2019, it is proposed that this call off for year three will be the last call off from the framework agreement. This is based on the fact that the level of actual expenditure to date under the framework. Consequently plans are to be put into place to develop and deliver a new procurement strategy to ensure the delivery of works are in place for April 2021.

6. Recommendations

The Director of Resources and Housing is requested to:

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- II. To note that this call-off covers the 12 month period 1st April 2020 to 31st March 2021 and the estimated expenditure will be approximately £2.25million split between the 2 contractors.

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.