

Report of: Chief Executive Officer – Belle Isle TMO

Report to: Director of Resources and Housing

Date: 27th May 2020

Subject: Procurement for the BITMO Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations Contract

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton Park	<input checked="" type="checkbox"/> Yes <input 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 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

- Belle Isle Tenant Management Organisation (BITMO), on behalf of Leeds City Council, has a legal obligation to undertake repairs, maintenance and adaptation works to dwellings which are under their management agreements.
- The current contract arrangement that covers responsive repairs, internal refurbishments and adaptation works to the BITMO managed housing stock was awarded to Mears Group PLC following a competitive procurement exercise. The BITMO Board were consulted, involved and in agreement with contract award and the tender evaluation report. The contract award decision was formally taken by the Director of Resources and Housing as a Significant Operational Decision on 14th February 2019 in line with the Council's Governance procedures. The current contract commenced on 1st April 2019 is due to end on 30th September 2021 and hence this report is seeking approval to a procurement strategy to ensure a new contract is in place from 1st October 2021.
- This report considers the various procurement options as part of the procurement strategy and the preferred route of delivery for this requirement.
- As this procurement is a Key Decision it was added to the list of forthcoming key decisions on 31st March 2020 and a decision can be taken after 29th April 2020.

2. Best Council Plan Implications (see the [latest version of the Best Council Plan](#))

The procurement will impact on the Best Council Plan by:

- Ensuring quality and accessible homes, improving housing stock and lead to an overall improvement to Housing in the area around Leeds.
- This contract will support inclusive growth by providing regeneration to housing areas.

3. Resource Implications

- The existing BITMO resources are currently in place and will work jointly with support from the Procurement team throughout the procurement process and ensure a smooth mobilisation and demobilisation period.
- The monetary benefits of this procurement exercise are that a competitive tender exercise will provide the ability to test the market against price and quality that will hopefully help to maximise efficiency and value for money.
- It is felt that a formal competitive tender will provide both the best value and best service delivery for the work required under this contract. As part of the contract conditions the successful contractor will be required to ensure all works are completed with regards to Health and Safety and Environmental considerations. The successful contractor will be required to provide the full service at the agreed tendered price with clear costs and ways of working laid out from the tender process.

Recommendations

- a) The Director of Resources and Housing is requested to approve, in line with Contracts Procedure Rule 3.1.6, a competitive tender process to procure a contract for Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed within the Belle Isle Tenant Management area for the estimated sum of £1,800,000 per annum.
- b) The Director of Resources and Housing is asked to note that it is proposed that the contract start date will be 1st October 2021 and is intended to run for five years until 30th September 2026, with an option to extend for a further 5 x 12 months, so the overall contract value of the procurement exercise will be up to £18m over a maximum of 10 years.

1. Purpose of this report

- 1.1** The purpose of this report is to seek approval in accordance with Contract Procedure Rules (CPR) 3.1.6 to carry out a procurement exercise to engage the services of a building maintenance contractor to deliver Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed by BITMO on behalf of Leeds City Council from 1st October 2021.
- 1.2** This report outlines a number of procurement options and the rationale to support the preferred option, the reasons behind the decision and the steps taken to ensure

that the tender submissions demonstrate and provide contractors that demonstrate both expertise and value for money.

2. Background information

- 2.1** The provision of a property repairs and maintenance service is a legal requirement that the Council and its appointed Management Organisations are obliged to undertake to ensure that each property meets minimum lettable standards.
- 2.2** BITMO on behalf of Leeds City Council, has a legal obligation to undertake repairs, maintenance and adaptation works to dwellings which are under their management agreements. Mears Group PLC are the current contractor and deliver this particular service to the BITMO managed housing stock of approximately 1900 dwellings, plus additional land and buildings within the management area.
- 2.3** The current contract commenced on 1st April 2019 is due to end on 30th September 2021, following a formal procurement exercise undertaken under the guidance of the then Leeds City Council Procurement Team.

2.4 Contract Value

The estimated combined capital and revenue values for this contract are:

- Revenue Repairs - £550,000.00 (Five Hundred and Fifty Thousand Pounds per year)
- Planned Revenue & Capital Works - £650,000.00 (Six Hundred and Fifty Thousand Pound per year)
- Revenue & Capital Void Work - £400,000.00 (Four Hundred Thousand Pounds per year)
- Major Adaptations - £200,000.00 (Two Hundred Thousand Pounds per year)

3. Main issues

- 3.1** BITMO currently delivers approximately £1.8m per annum of work in relation to Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed within the BITMO area. It is proposed the contract will be let for a five year period, starting 1st October 2021, with the option to extend the contract for a further 5 x 12 month extensions.
- 3.2** It is proposed that the tender evaluation methodology will be based on 40% price and 60% quality split. The questions and weightings that will make up the quality tender evaluation criteria are being prepared and approval of the evaluation criteria (including the quality questions) will be sought in accordance with CPR 15.1 in due course.
- 3.3** It is a legal requirement that the Council ensure that each dwelling meets the minimum lettable standards required.

3.4 Procurement Options

- 3.4.1 Do Nothing** – This is not an option as the current contract expires at the end of September 2021 and as the provision for this work is required across the BITMO Housing stock, a contract must be secured for 1st October 2021.
- 3.4.2 Internal Service Provider** – The Head of LBS has been consulted and it is understood this procurement is being carried out in accordance with CPRs. As BITMO as a Tenant Management Organisation has successfully delivered over the past 15-20 years with contractors, providing a tailored local service to include both a satellite office on site and dedicated out of hours service provision. It is understood that BITMO carrying out an external procurement for this specific area of works allows the Internal Provider to concentrate resources and activity on their growth and expansion of the responsive repairs, voids and cyclical maintenance service to an additional 14,000 properties in the South Leeds area of the City from July 2021.
- 3.4.3 External Frameworks** – A number of existing externally managed frameworks have been considered and reviewed, however, as we believe that there will be a high number of potential tenderers suitable for works of this nature we wish to seek competition from as wide a market as possible. By conducting our own restricted procurement we believe we will achieve the best value for money.
- 3.4.4 OJEU Restricted Procurement (Recommended approach)** - This route would provide an opportunity to engage the market through a competitive exercise. A bespoke specification, pricing documents, robust shortlist and evaluation process will be developed to ensure value for money is obtained. This route would allow an equal opportunity for all contractors to show interest in this contract and demonstrate experience through the completion of a PAS91. From these responses all submissions will be evaluated and a shortlist of tenderers will be invited to submit a tender. The tender period will require organisations to submit quality submissions to demonstrate how they propose to deliver the works, in addition to the tendered prices. The tenders received will be evaluated as referred to earlier in section 3.2 of this report and subsequently a tender evaluation report will be brought seeking approval to award a contract.

- 3.5** The proposed procurement timetable for the delivery of this arrangement using the preferred option as outlined at 3.5.4 is set out below:

An indicative timetable for the proposed procurement process is set out below:	
Tenderers invited to tender and issued with tender documents	12 th August 2020
Last date for tenderers to submit PAS91 clarification queries	23 rd September 2020
PAS91 submission date	7 th October 2020
Tenders issued to shortlisted bidders	18 th November 2020
Tender return deadline	13 th January 2021

Tender evaluation	14 th January – 19 th February 2021
Contract Award	w/c 26 th April 2021
Mobilisation Period	3 rd May – 30 th September 2021
Contract Start	1 st October 2021

Corporate considerations

3.6 Consultation and engagement

- 3.6.1** A Privacy Impact Assessment has been 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 Data Protection Act 2018. We are currently working with Leeds City Council Information Governance Team in order to develop these.
- 3.6.2** Following discussions with Leeds City Council Procurement Team it was agreed that a market engagement exercise followed by the evaluation of a PAS91 questionnaire should be utilised to create an approved short list of interested contractors to engage in the full tender process. The process would be monitored and managed in full by the Leeds City Council Procurement team.
- 3.6.3** Due to nature of the contract it is likely that TUPE may apply to a future award of contract and this will be incorporated into the procurement activity timetable.
- 3.6.4** It is anticipated that the procurement process through both the PAS91 and quality/price tender evaluation process will provide confidence, that any future service provider can meet the service levels required for the duration of the contractual period. BITMO would require confidence in any future service provider to meet service levels required for the duration of this contractual period.
- 3.6.5** A Leaseholder consultation will be undertaken in line with the Landlord and Tenant Act 1985, Section 20 legislation requirements to enable full re-charging of costs incurred by Leeds City Council to leaseholders.

3.7 Equality and diversity / cohesion and integration

- 3.7.1** 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.
- 3.7.2** The proposal will enable the delivery of improvement works for Leeds tenants and the properties in BITMO housing stock.

3.8 Council policies and the Best Council Plan

3.8.1 The procurement of this contract will enable the delivery of Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed within the BITMO area. Therefore, will contribute to the key objectives within the Best Council Plan by:

- Ensuring quality and accessible homes.
- Improving the housing stock.

Climate Emergency

3.8.2 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.

3.8.3 One element is to reduce carbon emissions. How we are trying to achieve this is by scheduling the works, where possible, so that sites nearby are worked on at similar times. Through shared travelling, this will reduce the impact on each area and help to reduce the frequent travelling of staff and materials.

3.9 Resources, procurement and value for money

3.9.1 The procurement will be carried out in line with Public Contract Regulations whilst ensuring competition is sought in a fair, open and transparent manner to identify best value.

3.9.2 This contract will be managed by BITMO 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. Existing BITMO resources are currently in place and will work jointly with the support of the Procurement team to ensure a smooth mobilisation and de mobilisation period.

3.9.3 It is proposed to be a five year contract with an option to extend this contract period for a further 5 x 12 months.

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

3.10.1 The delegated decision to determine the procurement approach for the services detailed in the report should be taken in accordance with CPR 3.1.6.

3.10.2 Given the costs related to this contract the 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 Access to Information Rules.

3.10.3 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 money.

3.10.4 This is a Key Decision and is eligible for call in.

3.11 Risk management

3.11.1 The risks identified with this procurement are listed below:

- No or inadequate tenders submitted, this will be mitigated by ensuring a wide selection of contractors are part of the tender and have responded positively to the request to participate via the issuing of the PAS91 document.
- The procurement approach may fail to engage with the appropriate organisations to tender for this work. This has been mitigated by using a very clear and informative process, to ensure that all contractors are aware of the works requirements and have a past history of working in this area.
- Uncompetitive pricing, this will be mitigated through competitive tender process.
- Poor contract management, which will be mitigated through the use of a proportionate contract management plan and ensuring its use throughout the lifetime of the contract.
- Challenge, which will be mitigated through following best procurement practice, ensuring fairness and transparency, consultation with all the stakeholders to ensure robustness of the tender documents.
- Late delivery of the contract, which will be mitigated through the clearly structured timeline to support service delivery and ownership of the project group and associated officers to ensure this is adhered to.

4. Conclusions

- 4.1** In conclusion, this report highlights the proposed procurement route and sets out the proposed contract structure for the delivery of Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed within the BITMO area.
- 4.2** If the proposed action(s) are not approved no contractor could be potentially available to undertake repair and maintenance work to any dwellings managed by the BITMO on 1st October 2021. Leeds City Council would then be in breach of the legal requirement to undertake the maintenance to Council dwellings in the area managed by the BITMO.

5. Recommendations

- a) 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 for Responsive and Planned Repairs, Minor Refurbishment Works and Adaptations to housing stock, land and buildings managed within the Belle Isle Tenant Management area for the estimated sum of £1,800,000 per annum.
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6. Background documents¹

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.

6.1 None.