



Report of Chief Officer of Civic Enterprise Leeds

Report to Director of Resources and Housing

Date: 4th June 2020

Subject: DN466525 Authority to procure contractors to support LBS' delivery of planned roofing improvements to housing properties

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Ardsley & Robin Hood, Beeston & Holbeck, Gipton & Harehills, Harewood, Kippax & Methley, Headingley & Hyde Park, Rothwell	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number: Appendix number:	

Summary

1. Main issues

- Leeds Building Services (LBS) request authority to undertake a procurement exercise to procure up to 2 contractors to re-roof approximately 80 housing properties throughout the City.
- These works have a current estimated value of £600,000 and are required to be completed by 31st March 2021.
- The re-roofing and associated works to residents' properties are required as an ongoing part of the housing capital programme, funded by the Housing Revenue Account (HRA).
- LBS currently has no formal contract in place to deliver works on this scale and are therefore seeking to undertake a competitive procurement exercise to ensure these works are completed in the financial year 2020/21.

2. Best Council Plan Implications

- This scheme will improve the energy performance and efficiency of the homes leading to reduced carbon emissions and reduced fuel poverty.
- This scheme will support the council's ambition for Leeds to be a compassionate and caring city that tackles poverty and reduces inequality, by making sure that our

tenants, including some of the most vulnerable people in our city, are able to live in safe, accessible and well maintained homes.

3. Resource Implications

- Funding for the scheme comes from the Housing Revenue Account (HRA).
- The Housing capital programme for 2020/21 contains provision for expenditure of £3.25m for planned re-roofing works to Council houses and this is being delivered through a mixed economy of 2 contractors from an OJEU Procured framework (£2.25m) and LBS' Delivery of £1m (of which this procurement exercise supports).
- The service will operate on the agreed tender prices with clear costs and ways of working formalised during the tender process and through the contract.

Recommendations

- a) In accordance with the Council's Contract Procedure Rules 3.1.6, this report requests the Director of Resources & Housing to approve the use of the non-OJEU restricted procurement process as the procurement route to establish a contract with up to 2 contractors for the delivery of planned roofing improvement works to Housing properties.
- b) The Director of Resources and Housing is requested to note that the tender will be evaluated by price only and the contract is proposed for a term of 6 months, (with an estimated total contract value of £600,000), with the option to extend for a further 6 months period.

1. Purpose of this report

- 1.1 This report advises the Director of Resources and Housing of the options available and seeks approval for the recommended procurement approach to be pursued for the appointment of up to 2 contractors to undertake the proposed roofing improvement works.

2. Background information

- 2.1 Planned works are the undertaking of required renewals and maintenance works that have been planned in advance and included in a works programme e.g. kitchens, windows or roofs as appropriate to circa 53,500 council homes throughout the City (including leasehold but excluding PFI & BITMO homes).
- 2.2 Re-roofing and associated works to residents' properties are an ongoing part of the planned works within the housing capital programme, funded by the HRA.
- 2.3 In line with Contract Procedure Rule 3.1.4, as the Internal Service Provider (ISP), LBS were consulted by Housing Leeds and are delivering planned reroofing works as part of a mixed economy with 2 externally procured contractors (delivering £2.25m) and LBS (delivering £1m).
- 2.4 In order to deliver these re-roofing works to complete by the 31st March 2021 based on estimated budget of £600k, LBS are required to engage contractors through a

competitive procurement exercise to support their direct workforce. The recommendation to award to 2 contractors for this work is to ensure LBS can meet the demand to complete the required work in the current financial year.

3. Main issues

- 3.1 LBS do not have sufficient directly employed internal resource to deliver the programme of re-roofing works required by Housing Leeds, therefore LBS require external contractor support.
- 3.2 LBS are seeking to procure up to 2 contractors to support the conduct of these works on a 60%/40% work allocation split based on the value of works. The highest scoring contractor will be given 60% of the works and the second placed contractor will be given 40%. If there is a variation of 10% or more in the submitted prices between the contractors, LBS will have the right to offer up to 100% of the works to the first placed contractor.
- 3.3 It is proposed that the tender will be evaluated on price only.
- 3.4 This programme of works has been approved as part of the annual housing capital programme and a provision has been made within the HRA for £3.25m in 2020/21; LBS are delivering approximately £1m of this.
- 3.5 As a result of COVID-19 Housing Leeds has carried out a review of priority works and works that have no or minimal impact to entering tenant's properties and are non-intrusive. Consequently as these works are of an external surveying nature initially and constitute in the main external enveloping works, these works are deemed essential to be completed within 2020/21.
- 3.6 Procurement Options
 - 3.6.1 **Do Nothing** – LBS currently do not have internal resources to meet this requirement and therefore this will result in a high amount of non-contract spend if no contract is put in place.
 - 3.6.2 **ISP** – This is not applicable as this procurement is for LBS' own requirements and to support their delivery of £1m of works in 20/21 as part of the housing capital programme.
 - 3.6.3 **Procure Council led non-OJEU restricted contract (Recommended)**

After consideration of the nature and estimated value of these works to be procured from the external market, the best route to market is via Construction Line approved contractors. This is in accordance with the CPRs. This route would provide an opportunity to test the market through a competitive exercise, it would reduce timescales from not having to conduct a PAS91 and it also allows the Council to procure these works compliantly. An EOI with contractors who can carry out roofing works was issued and 9 contractors have confirmed interested in tendering for the works. This procurement option would provide the Council with a compliant and robust tendering process. The use of Construction Line would allow the Council to select suppliers that have already been through a validation process to ensure they have completed a PAS91 and have provided the necessary financial and insurance information. This would give the Council assurance that the contractors selected to tender from Construction Line are able to satisfy the technical and financial requirements and due diligence sought by the Council.

3.6.4 The proposed timetable for the delivery of this arrange is:

An indicative timetable for the proposed procurement process is set out below:	
Issue Tender Documentation	29 th June 2020
Tender return date	29 th July 2020
Tender evaluation (inc. governance reporting, and contract award prep)	By late August 2020
Contract Award	10 th September 2020
Contract Mobilisation	11 th to 27 th September 2020
Contract Start	28 th September 2020

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 No properties within the list of properties that Housing Leeds has provided to LBS contain leaseholders so therefore we do not need to undertake any consultation under Section 20 of the Landlord and Tenant Act 1985.
- 4.1.2 The Council's procurement service, PACS commercial team and Housing Leeds Quantity Surveyors have all been consulted, are all supportive of the proposals contained within this report and are all contributing towards preparation of the tender documents.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An equality, diversity, cohesion and integration screening has been undertaken which has indicated that there are no negative impacts arising from undertaking this procurement exercise.

4.3 Council policies and the Best Council Plan

- 4.3.1 It is paramount that procurement within the Council is undertaken with a view to ensure openness, transparency and fairness and procured in line with Contract Procedure Rules.
- 4.3.2 The service contributes to providing good quality affordable homes and helps to improve the energy efficiency of homes. This links to the city priority of meeting housing needs and helps to solve issues of fuel poverty for the most vulnerable people in our city.

Climate Emergency

- 4.3.3 The Council declared a Climate Emergency for the City on the 27th March 2019 and one element is to reduce carbon emissions. One method of how we are trying to tackle carbon emissions is by planning our programme of properties that require roof replacements to ensure work is being conducting in the same area, at the same time, for all required properties in that area. This also helps with the delivery of materials. The contractor(s) have the ability to deliver all materials required for all properties located in the same location in 1 or very few bulk deliveries, resulting in fewer journeys throughout the City.
- 4.3.4 This scheme will also improve the energy performance and efficiency of the homes leading to reduced carbon emissions and reduced fuel poverty.

4.4 Resources, procurement and value for money

- 4.4.1 The procurement will be carried out in an open and transparent manner in line with Contract Procedure Rules, ensuring competition is sought to identify best value.
- 4.4.2 The works will be managed on site by an LBS contract manager who will manage the contract and facilitate the contractors in gaining access to the properties and will also monitor contractor's performance.
- 4.4.3 The LBS contract manager will have the assistance of financial and commercial support from a dedicated Housing Leeds team.

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

- 4.5.1 The procurement will be undertaken in line with Leeds Council's Contract Procedure Rules.
- 4.5.2 Due diligence checks of the preferred contractor(s) will be done to ascertain their financial position prior to contract award. This will ensure we are contracting with a financially sound organisation limiting the risk of works not being completed.
- 4.5.3 Given the costs related to this contract this decision is a Key Decision and is eligible for call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.6 Risk management

- 4.6.1 The contract will be managed and monitored by the appointed contract manager within LBS to ensure the benefits of the services are maximised to meet Housing Leeds requirements as the client. In addition the contractor's performance will be measured over the life of the contract.
- 4.6.2 There is a risk that the tender for the proposed works will exceed the budget available. This will only become apparent upon receipt of the tenders. This risk cannot be completely mitigated and, if the issue arises, it may be necessary to review the scope of service to comply with the budget available.
- 4.6.3 A contract management plan will be developed that will clearly identify roles and responsibilities of officers with contract ordering and performance management & monitoring activities. This plan will also emphasise the perceived aims and objectives of the contract and how their realisation and contract success will be received and managed, in addition to the plan clearly stating the responsibilities of the contractor.

5. Conclusions

- 5.1 In conclusion, this report highlights the proposed procurement route and sets out the proposed contract structure to procure up to 2 contractors to support LBS with roofing improvements to housing properties.
- 5.2 LBS and Procurement Officers have reviewed all of the potential procurement options and have concluded that the preferred option would be to conduct a non-OJEU restricted procurement process in completion from Construction Line.

6. Recommendations

- 6.1 In accordance with the Council's Contract Procedure Rules 3.1.6, this report requests the Director of Resources & Housing to approve the use of the non-OJEU restricted procurement process as the procurement route to establish a contract with up to 2 contractors for the delivery of planned roofing improvement works to Housing properties.
- 6.2 The Director of Resources and Housing is requested to note that the tender will be evaluated by price only and the contract is proposed for a term of 6 months, (with an estimated total contract value of £600,000), with the option to extend for a further 6 months period.

7. Background documents¹

- 7.1 Equality, Diversity, Cohesion and Integration Screening

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.