



Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Resources and Housing

Date: 11th September 2020

Subject: DN415804: Authority to Procure Contractors for the delivery of Scaffolding Works to Housing and Non-Housing Properties, Including Emergency Structural Support

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 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

- This report replaces two of the authority to procure reports which were submitted and approved in August 2019 and October 2019 respectively. The previous reports are revoked as the content contradicts the overarching framework for the LBS Procurement Strategy.
- The previous recommendations sought to create a framework of 2 lots, with Housing, and Non-Housing works being delivered separately under their own specific lot - however the new overarching framework for the LBS strategy has been developed to now focus on area based delivery of services, as opposed to segregation of Housing, and Non-Housing Works
- The previously recommended framework would have also only been permitted to run for maximum duration of 4 years, which does not align to the current strategy of ensuring contracts with a Housing element of work are set for an initial 4 year period with the option to extend for a further 4 x 12 months to ensure maximum best value is obtained through longer standing, better fit for purpose contracts.
- Under the new approach, and in line with the new overarching framework for the LBS Procurement Strategy, it is recommended to split the procurement into 2 lots for area based delivery to cover the following wards:

Lot 1: Alwoodley, Harewood West, Wetherby, Moortown, Roundhay, Chapel Allerton, Gipton, Harehills, Killingbeck, Seacroft, Crossgates, Whinmoor, Burmantofts, Richmond Hill, Temple Newsam (Housing and Non-Housing): Guiseley, Rawdon, Otley, Yeadon, Wharfedale, Horsfoth, Weetwood, Kirkstall, Calverley, Farsley, Bramley, Stanningley, Headingley, Hyde Park, Pudsey, Armley, Little London, Wood House, Farnley, Wortley (Non-Housing)

Lot 2: Beeston, Holbeck, Hunslet, Riverside, Morley North, Morley South, Middleton Park, Ardsley, Robin Hood, Rothwell, Garforth, Swillington, Kippax and Methley –(Housing and Non- Housing)

- Leeds Building Services (LBS) currently have 2 separate contracts for scaffolding: these are housing and non-housing; both contracts contain a provision for emergency structural support. LBS are now planning to merge both contracts into 1 framework with 2 lots to achieve best value through economies of scale, and improve the contract management process through reducing resource requirements and eliminating duplication.
- LBS are looking for external contractors to carry out a citywide supply, erection, maintenance and dismantling of scaffolding to Leeds City Council housing and non-housing stock.
- The new contract will include a provision to allow for an increase in housing responsive repairs work due to the decision taken at the October 2019 meeting of the Executive Board for LBS to commence housing responsive repairs work in the south of the city from July 2021.
- A procurement options review has been undertaken which has identified a below OJEU threshold tendering process as the preferred route of delivery for this requirement, utilising government approved list Constructionline to ensure resource efficiency.

2. Best Council Plan Implications

- This procurement will impact on the best Council plan by: Ensuring high quality health and wellbeing – improving quality, efficiency and involving people in shaping their city with focus on helping to maintain and improve Leeds City Council's housing and non-housing stock.

3. Resource Implications

- The service will operate on the agreed tender prices with clear costs and ways of working laid out during the tender process.
- The contractor will have specialist skill, technical expertise and knowledge that will ensure all works are completed with consideration to health and safety and the environment.
- The estimated value of this provision across both lots is £450k per annum, and will reduce the need for competition for scaffolding works to housing and non-housing properties where the value is below £20k. Larger schemes of a value higher than £20k will be subject to tendered competition outside of this framework utilising Constructionline to ensure best value is sought through competition.

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 a below OJEU threshold tendering process as the procurement route to establish a contract with up to 2 contractors (1 contractor per lot) subject to review should the highest ranking contractor be more than 10% cheaper. The contract commencement will be approx. May 2021 for a duration of 4 years with an option to extend for a further 4 x 12 months. The contract value is estimated at £450,000 per annum and a potential total contract value of £ 3.6m.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval from the Director of Resources & Housing to carry out a non OJEU compliant procurement exercise to establish a contract consisting of 2 lots for up to 2 contractors to undertake a citywide erection, maintenance and dismantling of scaffolding to Leeds City Council housing and non-housing stock.

2. Background information

- 2.1 LBS currently have 2 contracts in place for scaffolding: these are housing; and non – housing; both contracts contain a provision of emergency structural support. LBS have decided to combine all 3 elements into 1 contract to improve the contract management process, in order to increase competition by creating a more attractive opportunity to the market and to achieve best value through economies of scales.
- 2.2 LBS do not have the skilled operatives, materials and additional resources required to undertake the nature of this work. LBS have continuously sub contracted out the services required for scaffolding to support both planned work and responding to emergencies. This may include the re-roofing of buildings, installing/repairing windows, brickwork repairs and other similar activity.
- 2.3 LBS currently spend approximately £250-£300,000 per annum on this service which covers both housing works in the east, and civic works citywide.

3. Main issues

- 3.1 It is proposed that the contract be established for 4 years with the option to extend for a further 4 x 12months periods.
- 3.2 It is proposed that the tender will be evaluated based on a 70% price/30% quality split with proportionate minimum thresholds to encourage quality submissions.
- 3.3 It is proposed that the contract will be split into 2 lots to cover the following wards:
 - Lot 1: Alwoodley, Harewood West, Wetherby, Moortown, Roundhay, Chapel Allerton, Gipton, Harehills, Killingbeck, Seacroft, Crossgates, Whinmoor, Burmantofts, Richmond Hill, Temple Newsam (housing and non-housing)- Guiseley, Rawdon, Otley, Yeadon, Wharfedale, Horsfoth, Weetwood, Kirkstall, Calverley, Farsley, Bramley, Stanningley, Headingley, Hyde Park, Pudsey, Armley, Little London, Wood House, Farnley, Wortley (non-housing)

- Lot 2: Beeston, Holbeck, Hunslet, Riverside, Morley North, Morley South, Middleton Park, Ardsley, Robin Hood, Rothwell, Garforth, Swillington, Kippax and Methley (housing and non-housing).

3.4 Only 1 contractor will be appointed per lot. Subject to a 10% price variation in tender responses, LBS reserves the right to appoint rank 1 contractor to both lots.

3.5 **Procurement Options**

3.5.1 **Do Nothing** – This option was discounted as there would be no procurement activity and therefore no contractor to deliver the programme resulting in either in non-compliant spend and activity, or the council being unable to deliver essential services.

3.5.2 **Internal Service Provider-** not applicable, LBS do not have the internal resource to meet this requirement.

3.5.3 **Call off from an existing framework-** A number of existing externally managed frameworks have been considered and reviewed, however, there were no frameworks available which meet these requirements.

3.5.4 **Procure Leeds Own Restricted non-OJEU Contract via Constructionline (Recommended)** - This route is considered to be the most appropriate route as the value is below the OJEU threshold. An expression of interest will be undertaken and the shortlisted contractors will be invited to tender via YORtender. Utilising this route enables us to procure Leeds own contract as opposed to using external frameworks.

3.5.5 The proposed timetable for the delivery of this arrangement is:

An indicative timetable for the proposed procurement process is set out below	
Issue Tender Documentation	11 th September 2020
Tender Evaluation(Inc. governance reporting, and contract award prep)	30 th October 2020
Contract Award	14 th January 2021
Contract Mobilisation	28 th January 2021
Contract Start	03 rd May 2021

4. **Corporate considerations**

4.1 **Consultation and engagement**

4.1.1 CEL Weekly Assurance Meeting (WAM)/Weekly Business Review (WBR), Trade Unions, Head of Leeds Building Service, LBS Key Senior Service Leads, CPM Key Senior Service Leads , Procurement and Commercial Services, and Housing Leeds' Leaseholder Team have been consulted as part of this process.

- 4.1.2 The structure of this contract is in line with the LBS Procurement Strategy approach which has been developed through consultation between Senior Procurement colleagues, and the Head of Leeds Building Services. This strategy provides an overarching framework which is to be applied to all future contracts in order to align the way that contracts are managed and monitored effectively to ensure the best possible output to support LBS' Growth Strategy, and enable them to provide an efficient and value for money responsive repairs service across the City to both domestic, unoccupied, and corporate maintained properties
- 4.1.3 The strategy has been developed to focus on achieving fit for purpose contracts which will be established with a strong focus on:
- Achieving value for money through effective market engagement to encourage greater levels of competition
 - Identifying and enabling cost savings
 - Consistent approach to terms of service and contract across housing, and non-housing, to enable improved contract management
 - Adoption of a mixed economy of contractors to support the LBS Works Programme (including repairs, maintenance, and planned works) which will in turn support the local economy and SMEs in line with Core Council Values
- 4.1.4 Leaseholder Consultation has been undertaken in line with the Section 20 legislation requirements to enable full re-charging of costs incurred by Leeds City Council to leaseholders; this consultation was issued citywide and will therefore allow recharging to leaseholders in the south area of the city

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 undertaken this procurement.

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

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness and procured in line with Leeds City Council's Contract Procedure Rules. This contributes to the Best Council Plan's values of being open, honest & trusted, and providing value for money.

Climate Emergency

- 4.3.2 The Council declared a Climate Emergency for the city and one element is to reduce carbon emissions. We are trying to achieve this by wherever possible scheduling works so that the scaffolding of properties nearby each other are done at the same time, reducing multiple journeys around the city.
- 4.3.3 The structure of this contract will also apportion work geographically to contractors aiding in the reduction of travel in bid to reduce emission impact.

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 by ensuring competition is sought to identify best value.
- 4.4.2 The works will have a named project manager and resources set aside (from the LBS delivery team) to manage the contract and facilitate the contractors in gaining access to properties. This is to ensure the contract adheres to any programme of works.
- 4.4.3 The Project Manager will have the assistance of financial and commercial/QS 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 City Council's Contract Procedure Rules.
- 4.5.2 Given the cost related to this contract, this 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 the Access to Information Rules.

4.6 Risk management

- 4.6.1 Due diligence checks of the preferred contractors(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.
- 4.6.2 The contract, including contractor performance will be effectively managed and monitored to ensure the benefits of the services are maximised.
- 4.6.3 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 the service to comply with the budget available.
- 4.6.4 A contract management plan will be developed that will clearly identify roles and responsibilities of the contractor and officers with contract ordering and performance management & monitoring activities. The plan will also emphasise the aims and objectives of the contract and how their realisation and contract success will be received and managed.

5. Conclusions

- 5.1 In conclusion, this report highlights the proposed procurement route and set out the proposed contract structure for the delivery of scaffolding works to Leeds City Council's housing and non-housing properties, including emergency structural support.
- 5.2 LBS and Procurement Officers have reviewed all potential procurement options and have concluded that the preferred option would be to conduct a below OJEU threshold procurement exercise to seek competitive bids.

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 a below OJEU

threshold tendering process as the procurement route to establish a contract with up to 2 contractors (1 contractor per lot) subject to review should the highest ranking contractor be more than 10% cheaper. The contract commencement will be approx. May 2021 for a duration of 4 years with an option to extend for a further 4 x 12 months. The contract value is estimated at £450,000 per annum and a potential total contract value of £ 3.6m.

7. Background documents¹

7.1 Equality, Diversity, Cohesion and Integration Screen.

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.