

Report of Head of Operations, Leeds Building Services

Report to Director of Resources and Housing

Date: 16.10.2019

Subject: Authority to Procure in line with CPR 3.1.6 – Contractors to support Leeds Building Services’ 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): Citywide	<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 Authority to Procure report dated October 2019 replaces a previous report which was submitted and approved in August 2019 based on a recommendation to create a contract with only 2 contractors, with work allocated on a 60%/40% ranked basis for both the housing and non-housing work
- We are now making the recommendation to create a framework with 2 lots to cover Housing, and Non-Housing respectively as the process for work allocation for each area differs based on the use of SWAPS for allocating Housing responsive work; allocation of work under the lot for non-housing will still follow the original recommendation of being on a ranked basis.
- Leeds Building Services (LBS) are looking for external contractors to support the service for the supply, erection, maintenance and dismantling

of scaffolding to Housing Leeds properties and Leeds City Council's non-housing properties, city wide throughout the City.

- LBS currently has 2 separate contracts for scaffolding; these are housing and non-housing; both contracts contain a provision for emergency structural support. LBS are planning to merge both contracts into 1 framework with 2 lots to achieve best value through economies of scale, and to improve the contract management process. Both the housing, and non-housing contracts expire in March 2020
- The newly procured combined framework will be estimated to start from 1st February 2020, and we will allow the existing housing, and non-housing contracts to wind down and demobilise, and lapse on their current expiry dates. The existing providers on both existing contracts will be invited to participate in the re-procurement for the combined service contract.
- LBS currently spend approximately £250,000-£300,000 per annum on this service which covers both housing works in the East, and Civic works citywide, and are looking to set up a new framework with up to 3 external contractors to cover both lots of the framework.
- The new framework will need to be established with a provision to include an increase in housing responsive repairs work due the recently approved recommendation for LBS to commence housing responsive repairs work in the South of the City from Autumn 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.

2. **Best Council Plan Implications**

- Helping to maintain and improve our 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.

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 framework with up to 3 contractors for a term of 3 years with the option to extend for a further 1 x 12 month period, with an estimated annual spend of £450,000 and a potential total framework value of £1.8m.

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 3 contractors to a framework consisting of 2 lots to undertake the proposed works.

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 for emergency structural support. LBS has decided to combine all 3 elements into 1 framework to improve the contract management process, to create a more attractive opportunity to the contractor market, and to achieve best value through economies of scales.
- 2.2 Historically, due to a lack of 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 help them conduct both planned and responsive works to housing and civic properties throughout the city, including responding to emergencies. This may include the re-roofing of buildings, installing/repairing windows, brickwork repairs, etc.
- 2.3 LBS spend approximately £200,000 per annum on this service and contract out all scaffolding requirements. They do not undertake any scaffolding works with internal resources.

3. **Main Issues**

- 3.1 It is proposed that the framework be established for 3 years with the option to extend for a further 1 x 12 month 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 ensure quality submissions are encouraged.
- 3.3 Work allocation will be undertaken in accordance with the relevant lot of the framework as follows:

Lot 1 Housing: - Work will be allocated through the SWAPS (Sub-contract Work Allocation & Payment System) system which allocates work to contractors based on a combination of price and quality through the contractors tendered rates as well as monitored Key Performance Indicators (KPI's)

Lot 2 Non-Housing: - The 3 highest scoring tenderers will be ranked position 1, 2, and 3. The highest scoring tenderer will be given 40% of the value of the works and the 2nd and 3rd placed scoring tenderers will be

given 30% each. If the scores between positions 1 and 2 are greater than 20%, we will then have the option to give a higher proportion to position 1, if the contractor accepts the increase.

Tenderers will be required to bid for both lots and will be awarded both lots.

3.4 **Procurement Options**

3.4.1 **Do Nothing** - LBS currently do not have the internal resource to meet this requirement.

3.4.2 **ISP** – This is LBS’ own requirement.

3.4.3 **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 meets our requirements.

3.4.4 **Procure Council led restricted non-OJEU framework (Recommended)**
The project team have agreed that the best route to market would be to issue an open market Expression of Interest (EOI), then restrict the tender to those contractors who are interested in tendering. This is in accordance with the Contract Procedure Rules (CPRs).

We have already undertaken an expression of interest exercise and 26 contractors are interested in tendering. We will only invite these 26 contractors to tender for the framework.

3.4.5 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	1 st November to 29 th November 2019
Tender evaluation (inc. governance reporting, and contract award prep)	2 nd December to 20 th December 2019
Contract Award	6 th January 2019
Contract Mobilisation	13 th January 2020
Contract Start	1 st February 2020

4 **Corporate Considerations**

4.1 **Consultation and Engagement**

- 4.1.1 LBS have consulted with Corporate Property Maintenance colleagues, LBS Team Managers, Team Leaders & Procurement in identifying this compliant procurement route.
- 4.1.2 The Council's Procurement and Commercial Service has also been consulted and is supportive of the proposals contained in the report.
- 4.1.3 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 undertaking 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.
- 4.3.2 The Council declared a Climate Emergency for the City on the 27th March 2019 and one element is to reduce carbon emissions. How we are trying to achieve this is by scheduling the planned works requirements so that the scaffolding of properties nearby each other are done at the same time, reducing multiple journeys around the City.

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 LBS Delivery Team) to manage the contract and facilitate the contractors in gaining access to the 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 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 where applicable.

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 framework 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 The framework will be managed and monitored regularly by service area representatives to ensure the benefits of the services are maximised and the contractor's performance will be measured over the life of the framework.

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 for the delivery of scaffolding works to housing and non-housing properties, including emergency structural support.

5.2 LBS and Procurement Officers have reviewed all the 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 framework with up to 3 contractors for a term of 3 years with

the option to extend for a further 1 x 12 month period, with an estimated annual spend of £450,000 and a potential total framework value of £1.8m.

7 **Background Documents**

7.1 None.