

**Report of: Chief Officer Civic Enterprise Leeds**

**Report to: Director of Resources and Housing**

**Date:** 23<sup>rd</sup> November 2020

**Subject:** DN466518 - Authority to procure specialist contractors to support Leeds Building Services with responsive roofing repairs to occupied and unoccupied domestic properties in South and East Leeds

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): South and East Leeds - Alwoodley, Harewood West, Wetherby, Moortown, Roundhay, Chapel Allerton, Gipton, Harehills, Killingbeck, Seacroft, Crossgates, Whinmoor, Burmantofts, Richmond Hill, Temple Newsam, Beeston, Holbeck, Hunslet, Riverside, Morley North, Morley South, Middleton Park, Ardsley, Robin Hood, Rothwell, Garforth, Swillington, Kippax and Methley.	
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) are looking to conduct a new procurement exercise to put in place a contract for responsive roofing repairs to occupied and unoccupied domestic properties. A new contract is required to be in place from 1st July 2021 to support the increase in responsive repairs work which LBS will begin to deliver in the south of the city from July 2021.
- The proposed new contract will be approximately £1,400,000 per annum. The contract will run for a period of four years starting on 1st July 2021, with four optional 12 month extensions.
- In order to achieve consistency across contracts for responsive repairs and voids, we are seeking to use the National Housing Federation Schedule of Rates and specifications. This has been provided by Housing Leeds Property Management.

- The contract structure including the number and size of lots along with the award arrangement has been carefully considered to allow the adoption of a mixed economy of contractors to support the LBS Works programme and to ensure that work is accessible, and fairly distributed to encourage competition and engagement from the widest spread of potential bidders including local SME's, which in turn will support the local economy in line with Core Council Values

## 2. Best Council Plan Implications

- Below are some of the Best Council Plan priorities. More detail of how this procurement would help to achieve them will be discussed later in the report.
- **Inclusive Growth** – ‘Supporting growth and investment’ and ‘Supporting businesses and residents to improve skills, helping people into work and into better jobs’.
- **Safe, Strong Communities** – ‘Keeping people safe from harm, protecting the most vulnerable’ and ‘Being responsive to local needs, building thriving, resilient communities’.
- **Housing** – ‘Housing of the right quality, type, tenure and affordability in the right places’ and ‘Improving energy performance in homes, reducing fuel poverty’.

## 3. Resource Implications

- An OJEU restricted procedure will be carried out for this procurement which requires a notice via Tender Electronics Daily (TED) to be published. The benefits of this procurement exercise ensure that with competition and the ability to test price and quality, it will maximise efficiency and gain value for money
- LBS will deliver works through their own direct workforce in the first instance so required resources will depend on their capacity. There is no guarantee about work volume.
- The contractors will have specialist skill, technical expertise and knowledge that will ensure all works are completed with regards to Health and Safety and Environmental consideration. The successful contractor's will be required to provide the full service at the agreed tender price with clear costs and ways of working laid out from the tender process.
- Transfer of Undertakings (Protection of Employment) Regulations may apply here so workers already employed under the current contract are eligible to be transferred onto the new one.

## Recommendations

- a) The Director of Resources & Housing is recommended to approve an OJEU restricted competitive procedure to establish a contract of up to 9 contractors, valued at £1,400,000 per annum, starting on 1<sup>st</sup> July 2021 for a term of 4 years, with the option to extend for 4 x 12 months. The maximum value of the contract if all extensions are used will be up to £11,200,000 over a maximum of eight years.

## **1. Purpose of this report**

- 1.1. In accordance with CPR 3.1.6., the purpose of this report is to seek approval to carry out an OJEU compliant procurement exercise to establish a 4 year contract (with 4 x 12 month optional extensions) to support LBS with housing related roofing repairs and maintenance works.
- 1.2. This report provides the required information and detail to allow the Director of Resources and Housing to approve the proposed procurement route for the appointment of up to 9 contractors to the contract.

## **2. Background information**

- 2.1. From the 1<sup>st</sup> of July 2021 the LBS Housing portfolio of works will include voids, responsive repairs and cyclical maintenance to around 31,000 domestic council properties across the South and East of Leeds, which is an increase of approximately 83% compared to last year.
- 2.2. LBS currently manage the roofing works and subcontract out certain elements where they do not have the labour resources to carry out the works internally. This may occur at peak times where internal resources are limited.
- 2.3. LBS current arrangements provide various works through specialist and specific elemental trade contracts. The proposed contract will continue to allow works to be delivered through the use of specialist contractors to support LBS with responsive repairs to roofs with materials comprising of tiles, slates, leadwork, asphalt, felt and sheet. Other repairs may also be required such as repairing chimneys, replacing fascia, soffits, gutters and replacing/repairing roof windows; including associated scaffolding
- 2.4. LBS will deliver works through their own direct workforce in the first instance however, this contract will provide additional capacity at peak demand when LBS are unable to deliver. In line with the LBS Procurement Strategy, this mixed approach of delivering works through the use of both contractors and in-house provision intends to provide best value and deliver efficiencies, while ensuring that the advertised lots are attractive to local business and SME's, in turn supporting the local economy.
- 2.5. In addition to the housing roofing repair works, there will also be an additional procurement exercises for the following specialist roofing contractors to support works for the civic (non-housing) portfolio. Due to the specialist nature of these works, this scheme will be procured separately and will be the subject of its own individual Authority to Procure report and Delegated Decision Notice.
- 2.6. The question as to whether to bring housing and civic streams under one contract has been discussed with the LBS Senior Service Leads and the decision has been taken to keep the two contracts separate due to the different types of works under each stream which require different specialisms in relation to the types of materials used, and specific tasks to be undertaken for each specific portfolio of properties.

### 3. Main issues

- 3.1. In order to deliver a consistent and efficient service for Housing Leeds, a new arrangement is required to continue to support the LBS workforce.

An NEC4 Term Service Contract, valued at £1.4 million per annum is proposed. The contract will be in place for a 4 year period from 1<sup>st</sup> July 2021 with the option to extend for a further 4 x 12 months if required. It is proposed that the new contract structure will be split into 9 lots representing 9 management areas

- 3.2. Contractors can apply for all lots however will be awarded a maximum of 3 lots. In the first instance the highest ranked supplier following evaluation will be awarded the maximum number of lots, dependent on number of lots applied for and demonstrating adequate financial capacity. (Turnover of at least 25% above the total potential contract value of lots to be awarded). The next ranked supplier will be awarded the maximum number of lots, and so on until all lots are allocated.
- 3.3. It is proposed that the tender be evaluated using a separated quality and price approach. Contractors will be required to meet minimum quality thresholds in their quality submissions. Thereafter, contracts will be awarded to the contractors that submitted the lowest price. This ensures contractors are providing the minimum quality standard that LBS expects whilst achieving best value for money for the Council. Approval of the evaluation criteria will be sought from the Head of LBS in accordance with CPR 15.1 and the relevant directors sub delegation scheme
- 3.4. The Public Contracts Regulations 2015 requires tender opportunities to be published publicly on TED when the value of the contract is above certain thresholds. As the proposed total contract value is above the £4.73m works threshold, we must run an OJEU compliant tender.
- 3.5. In discussion with the Procurement Officers within the Projects, Procurement and Contract Management team, the following procurement options have been considered in line with CPR 3.1;
- 3.6. **Procurement Options**
- 3.6.1. **Do Nothing** – LBS currently do not have internal resources to deliver roofing works and therefore this will result either in a high amount of non-contract spend, in excess of OJEU thresholds if no contract is put in place, or a failure to deliver the service.
- 3.6.2. **Call off from an existing framework** – a number of existing externally managed OJEU compliant frameworks were researched and reviewed. However, the frameworks predominately included larger contractors which excluded a lot of SMEs, which doesn't support the strategy of LBS.
- 3.6.3. **Conduct Council led OJEU restricted procurement (Recommended)** – This route is considered to be the most appropriate. The procurement strategy developed to support LBS in conjunction with the Head of LBS outlines that the best route to market would be to conduct a restricted OJEU advertised procurement exercise by firstly issuing a PAS 91 pre-qualification document to the open market. We would then evaluate any submissions and invite to tender the 12 highest scoring contractors who have passed the stage 1 PAS 91 pre-qualification.

3.7. The proposed timetable for delivery of this arrangement is:

An indicative timetable for the proposed procurement process is set out below:	
Issue PAS 91 Documentation	December 2020
Issue Tender Documentation	February 2021
Tender evaluation (Inc. governance reporting, and contract award prep)	March to May 2021
Contract Award	June 2021
Contract Start	July 2021

3.8. There will be no guarantee of any volume of works throughout the contract term, as workload is dependent upon LBS's capacity to deliver the work directly.

#### **4. Corporate considerations**

##### **4.1. Consultation and engagement**

4.1.1. LBS have consulted with Housing Leeds colleagues, Corporate Property Management, LBS team managers and also Procurement and Commercial Services (Resources & Housing) in identifying the options and making the recommendation of a compliant procurement route to establish this contract

4.1.2. Due to the anticipated value of the contract, we are required to carry out Section 20 Leaseholder Consultation. We must consult leaseholders before entering into certain expenditure that is paid for from service charges. A letter was issued in May 2020 to provide notice and invite leaseholders to comment on the intended agreement/works.

##### **4.2. Equality and diversity / cohesion and integration (EDCI)**

4.2.1. No implications have been identified and a supporting EDCI screening form accompanies this report.

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

4.3.1. Below are some of the Best Council Plan priorities related to this project, along with details of how this procurement would help to achieve them:

4.3.2. **Inclusive Growth** – 'Supporting growth and investment' and 'Supporting businesses and residents to improve skills, helping people into work and into better jobs':

4.3.3. **Safe, Strong Communities** – 'Keeping people safe from harm, protecting the most vulnerable' and 'Being responsive to local needs, building thriving, resilient communities':

All contractors appointed must adhere to safeguarding policies to protect those in the vicinity of their work delivery. Maintenance of properties helps to ensure people are kept safe from harm arising from disrepair problems. Responsiveness to repair and maintenance issues shows awareness to the needs of the local people.

**4.3.4. Housing** - 'Housing of the right quality, type, tenure and affordability in the right places' and 'Improving energy performance in homes, reducing fuel poverty':

Maintaining housing stock is key in ensuring we are supporting tenants in reducing fuel poverty and ensure the right quality of housing. Improving energy performance in homes through maintenance can also contribute to tackling the Climate Emergency.

Climate Emergency

**4.3.5.** Leeds City Council declared a Climate Emergency in March 2019 and one of the aims is to reduce the city's carbon footprint. Maintaining housing stock can help to reduce harmful emissions by keeping properties well insulated. We can also encourage the use of sustainable materials, recycling and green vehicles in the scopes and specifications where possible.

**4.4. Resources, procurement and value for money**

4.4.1. As this procurement will be over the OJEU threshold, a notice will be published via Tenders Electronic Daily (TED). This will ensure the maximum level of competition during the tender process, ensuring value for money is obtained through engagement with the broader market.

4.4.2. This contract will be managed by LBS 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. Whilst the performance indications and service standards will be the same for both internal and external providers there is a need to have separate plans due to the differences in communication with the provider, payment process and reporting mechanisms. LBS are aiming to have a draft contract management plan available for review prior to contract award.

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

4.5.1. This procurement will be undertaken in compliance with Public Contract Regulations 2015 and the Council's CPRs.

4.5.2. As the value of the proposed contract exceeds £500k, it is a Key Decision subject to 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. There are risks in using old scopes or specifications from previous contracts as standards may become outdated. Updating these are important in ensuring specifications are still fit for purpose. The use of the National Housing Federation Schedule of Rates and specifications has allowed consistency across LBS contracts.

The 'off-the-shelf' documents guarantees specifications with up to date standards and practices.

- 4.6.2. Suppliers can be managed effectively with robust contract management plans so these will be developed during the procurement exercise, and implemented throughout the life of the contract. A KPI framework will also be adopted as part of the contract management to ensure suppliers adhere to expected targets.
- 4.6.3. Suppliers must be provided with enough data to inform them of future work programmes so they can accurately plan workloads and price the contract to avoid capacity problems or disagreements further down the line.
- 4.6.4. The global COVID-19 pandemic has caused unprecedented disruption which may affect businesses in the longer term. These implications are impossible to predict, but financial standing and resource availability may be affected. The use of technology will be important in engaging with suppliers for this procurement, for example using Microsoft Teams for a 'Virtual Bidders Day' as opposed to face-to-face contact.

## **5. Conclusions**

- 5.1. LBS require ongoing support to enable delivery of responsive roofing repair works to occupied and unoccupied domestic properties. Failure to establish such a contract could adversely affect the growth ambitions of LBS, result in non-contract spend or poor condition in tenanted properties, leading to an increase in disrepair claims.
- 5.2. The proposed contract will provide support and additional capacity when resource demand is at a peak for housing related responsive roofing repairs, and voids maintenance, and provide an efficient mixed approach to delivery.

## **6. Recommendations**

- 6.1. The Director of Resources & Housing is recommended to approve an OJEU restricted competitive procedure to establish a contract of up to 9 contractors, valued at £1,400,000 per annum, starting on 1<sup>st</sup> July 2021 for a term of 4 years, with the option to extend for 4 x 12 months. The maximum value of the contract if all extensions are used will be up to £11,200,000 over a maximum of eight years.

## **7. Background documents<sup>1</sup>**

- 7.1. EDCI screening report.

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<sup>1</sup> 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.