

Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Resources and Housing

Date: 09th November 2020

Subject: DN448149 Authority to procure multi-trade contractors to support LBS with housing repairs, voids and maintenance 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 undertaking a programme of multi trade work for responsive repairs, voids and planned maintenance to domestic properties. A new contract is required to be in place from 1st July 2021 to support the increase in work which LBS will begin to deliver in the south of the city from July 2021
- The proposed new contract value will be approximately £3 million per annum for a period of 4 years starting on 1st July 2021, with the option to extend for a further 4 x 12 months.
- It is proposed that the new contract structure will be split into 7 lots.
- Contractors can apply for all lots, however will be awarded a maximum of 2 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.

- 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
- 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.

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

- 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 above threshold restricted procedure will be carried out for this procurement so a notice via the UK Government's Find a Tender service (FTS) will be published, ensuring value for money through engagement with the broader market.
- 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.
- Transfer of Undertakings (Protection of Employment) Regulations (TUPE) may apply between contractor to contractor if a new contractor takes over work from an existing contractor. LCC will bear no TUPE responsibility as a result of re-tendering this contract.

Recommendations

- a) The Director of Resources & Housing is recommended to approve an above threshold restricted procedure to establish a contract of up to 7 contractors, valued at £3 million per annum, starting on 1st 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 is £24,000,000.

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 above threshold restricted compliant procurement exercise to establish a 4 year contract (with 4 x 12 month optional extensions) to support LBS with housing related multi-trade works.

2. Background information

- 2.1. From the 1st 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. Additionally LBS will continue to provide planned investment works to domestic properties across the city.
- 2.2. LBS 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, or where support is needed on larger planned schemes.
- 2.3. Current arrangements provide works through multi-trade contracts, as well as some specific elemental trade contracts. LBS are now looking to bring these together for domestic council properties. The proposed contract will support LBS with multi-trade elements including but not limited to, joinery, plumbing, plastering, etc.
- 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 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 multi-trade works, there will also be a procurement exercise for multi-trade contractors for the civic (non-housing) portfolio, but due to the differing nature of these works, this will be procured separately.

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.
- 3.2. An NEC4 Term Service Contract, valued at £3 million per annum is proposed. The contract will be in place for a 4 year period from 1st July 2021 with the option to extend for a further 4 x 12 months if required.
- 3.3. It is proposed that the tender be evaluated using a separated quality and price approach. Suppliers will be required to meet minimum quality thresholds in their quality submissions. Thereafter, contracts will be awarded to the suppliers that submitted the lowest price. 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 FTS when the value of the contract is above certain

thresholds. As the proposed total contract value is above the £4.55m works threshold, we must run an above threshold compliant tender.

- 3.5. An Open Procedure has a shorter timescale than a Restricted Procedure as it consists of just one submission stage. However, the Restricted Procedure provides for a pre-selection stage which is the best option here as it allows the pre-screening of contractors and excludes those that lack the required qualifications or experience to make the shortlist for tender. An above threshold Restricted Procedure is therefore the recommended procurement route.
- 3.6. Market engagement was carried out to see whether there was sufficient interest for this project. We carried out an expression of interest and received 33 positive responses. Research shows that the market is vast and a large number of contractors are expected to participate, a robust screening exercise is therefore required to allow the appointment of suitable contractors to support LBS.
- 3.7. The first stage of the Restricted Procedure will consist of a PAS91. A shortlist of no more than 14 submissions will be progressed through for the tender stage Bidders Day will be held during the PAS91 stage to help contractors understand the process.
- 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.
- 3.9. The proposed timetable for delivery of this procurement is set out below:

An indicative timetable for the proposed procurement process is set out below:	
Issue PAS91 & Draft Tender Documentation	November 2020
PAS91 Deadline	December 2020
PAS91 Evaluation	January 2020
Issue Tender Documentation	January 2020
Tender Submission Deadline	March 2021
Tender Evaluation	March 2021
Contract Award	April 2021
Contract Start	July 2021

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 this compliant procurement route.

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 on 6th of October 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 above the works threshold stated in PCR2015, a notice will be published via FTS. This will ensure the maximum level of competition during the tender process with further engagement from the market.

4.4.2. The use of a PAS91 in this Restricted Procedure allows for screening of suppliers and subsequent appointment of the most suitable suppliers that provide Best Value.

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

4.5.1. The procurement route will be undertaken in compliance with Public Contract Regulations 2015 and the Council's Contract Procedure Rules.

4.5.2. Notice about the agreement and works will be given to leaseholders in accordance with the Section 20 of the Landlord and Tenant Act.

4.5.3. 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 multi trade works to 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 repairs, voids and planned maintenance.

6. Recommendations

- 6.1. The Director of Resources & Housing is recommended to approve an above threshold restricted procedure to establish a contract of up to 7 contractors, valued at £3 million per annum, starting on 1st 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 is £24,000,000.

7. Background documents¹

- 7.1. None.

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.