

Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Resources and Housing

Date: 26th February 2021

Subject: DN420143: Authority to procure specialist contractors to undertake External Works to Leeds City Council Housing and Non-Housing stock

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

- The LBS Procurement Strategy seeks to merge tarmac, groundworks, fencing, brickwork and external adaptations contracts into a single contract (to be termed as 'External Works') to achieve best value through economies of scale, and improve the contract management process through reducing resource requirements and eliminating duplication for both the authority and contractors in the market place.
- The LBS Procurement Strategy focuses on geographical delivery of services, as opposed to segregation of Housing, and Non-Housing Works.
- To align with the management area split, LBS now has a need to procure up to 9 contractors to undertake external works to domestic and commercial stock citywide. It is proposed to split the contract into 9 lots aligned to LBS Repairs Management areas for the East and South of the City plus West External Adaptations and West Non-Housing.
- Existing individual contracts, and competitive quote processes to ensure compliant spend for the various external works areas are in place to cover support provisions to LBS until July 2021 when it is anticipated this all-encompassing external works contract will be established.

- Under the new LBS procurement strategy, the proposed 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 Small Medium Enterprises, which in turn will support the local economy.

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

- The procurement will align with the Best Council Plan by;
 - ensuring quality and accessible homes,
 - improving housing stock and leading to an overall improvement to the non-housing stock in the area around Leeds.
- This contract will support inclusive growth by providing regeneration to civic areas.
- This contract will give smaller organisations the opportunity to contribute to local employment and skills objectives.

3. Resource Implications

- An above threshold open procedure will be carried out for this procurement therefore 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.
- The service will operate on the agreed tender prices with clear costs and ways of working laid out during the tender process, utilising appropriate schedule of rates for both domestic, and commercial works.
- 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 open procurement procedure to establish a contract of up to 9 contractors, valued at £1,770,000 per annum, commencing approximately 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 £14,160,000.

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 an open procedure procurement exercise to establish a term service contract consisting of 9 lots for up to 9 contractors to undertake citywide external works to Leeds City Council housing and non-housing stock.

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.
- 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, where LBS do not have the skilled operatives, materials and additional resources required to undertake the nature of these works, or where support is needed on larger planned schemes.
- 2.3. Current individual contractual arrangements provide works for:
 - Tarmac and Groundworks;
 - Fencing;
 - Brickworks, and
 - External Adaptations.
- 2.4. The decision to combine all the 4 elements into 1 term service contract is anticipated to improve the contract management process, increase competition by creating a more attractive opportunity to the market and achieve best value through economies of scales.
- 2.5. It is proposed that this new term service contract will be split into 9 lots in line with the LBS Housing Responsive Repairs management areas, plus an additional lot for external adaptations within the west of the city.
- 2.6. LBS have continuously sub contracted out the services required for tarmac and groundworks, fencing, brickworks and external adaptations, and manage delivery of works undertaken on behalf of departments across the Authority. This proposed procurement is therefore in line with this strategy.

3. Main issues

- 3.1. In order to deliver a consistent and efficient service, a new combined arrangement (housing and non-housing) is required to manage the delivery of external works undertaken on behalf of departments across the Authority.
- 3.2. An NEC4 Term Service Contract, valued at £1,770,000 per annum is proposed. The contract will be in place for a 4 year period from July 2021 with the option to extend for a further 4 x 12 months.
- 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 in accordance with Contract Procedure Rules (CPRs) 15.1.
- 3.4. The Public Contracts Regulation (PCR) 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. Market engagement was carried out to see whether there was sufficient interest for this project – we carried out an expression of interest and received 22 positive responses. This engagement shows that we would expect to receive an adequate number of responses to cover all lots of the contract.
- 3.6. Based on the response to the market engagement and following an assessment of procurement routes and timescales needed to establish this contract, it is proposed to use an open compliant procedure route for this requirement.
- 3.7. There will be no guarantee of any volume of works throughout the contract term, as workload is dependent upon the level of work assigned to LBS from other departments across the authority
- 3.8. 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 Tender Documentation	March 2021
Tender Submission Deadline	April 2021
Tender Evaluation and Governance	May/June 2021
Contract Award	June 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 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 in June 2020 to provide notice and invite leaseholders to comment on the intended agreement/works.
- 4.1.3. A Privacy Impact Assessment was completed from which it was determined that the delivery contractors role would be that of a Data Processors. Assessment of how contractors respond to the requirements of the Data Protection Act 2018 is part of the quality evaluation criteria. The tender documentation will also include standard clauses in line with the Data Protection Act 2018. We are currently working with Leeds City Council Information Governance Team in order to develop these.

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

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

4.3. Council policies and the Best Council Plan

- 4.3.1. This contract will support Inclusive Growth in the Best Council Plan by providing regeneration to civic and housing areas.
- 4.3.2. The procurement of contractors for external works will offer social values including community benefits from improving the access around their properties.
- 4.3.3. The procurement of this contract will enable the delivery of external works within the city and therefore contribute to key objectives within the Best Council Plan by:
 - Ensuring quality and accessible homes.
 - Improving the housing stock.
 - Overall improvements to Civic stock in the area around Leeds.

Climate Emergency

- 4.3.4. The Council declared a Climate Emergency in March 2019. In addition, the Leeds Climate Commission have proposed a series of science based carbon reduction targets for the city so that Leeds can play its part in keeping global average surface temperatures to no more than 1.5c.
- 4.3.5. As part of the tender evaluation criteria, contractors will be asked to provide plans on how they plan to reduce carbon emissions from carrying out this contract.

4.4. Resources, procurement and value for money

- 4.4.1. As this procurement will be above the works threshold stated in PCR 2015, a notice will be published via FTS. This will ensure the maximum level of competition during the tender process and should help to secure value for money by securing a contract following a competitive process to test the 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. Leeds Building Services 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. The procurement route will be undertaken in compliance with PCR 2015 and the Council's CPRs.
- 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. A procurement project delivery plan has been developed to assist LBS management and colleagues to ensure that arrangements can be made to allow sufficient capacity to support procurement activity, monitor progress and highlight any risks in relation to delivering against tight timescales

5. Conclusions

- 5.1. LBS require ongoing support to enable delivery of external works to domestic and commercial stock citywide. LBS and Procurement Officers have reviewed all potential procurement options and have concluded that the preferred option would be to conduct an Open procedure procurement exercise to seek competitive bids.

6. Recommendations

- 6.1. The Director of Resources & Housing is recommended to approve an above threshold open procurement procedure to establish a contract of up to 9 contractors, valued at £1,770,000 per annum, commencing approximately 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 £14,160,000.

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.