



Report of Chief Officer Civic Enterprises Leeds

Report to Director of Resources and Housing

Date: 11th March 2021

Subject: DN527684 (previously DN461201) – Authority to procure specialist contractors to support Leeds Building Services with the delivery of electrical works to non-housing properties

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| 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

- Leeds Building Services (LBS) are looking to conduct a new procurement exercise to put in place a framework agreement for electrical works to the Council's non housing property portfolio.
- The proposed new framework will be approximately £550,000 per annum and will run for a period of 4 years and is scheduled to commence on 1st September 2021.
- The framework agreement structure 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, fairly distributed to encourage competition and engagement from the widest spread of potential bidders including local Small Medium Enterprises (SMEs), which in turn will support the local economy in line with Core Council Values.
- In addition the focus on longer term arrangements enables LBS to establish strong relationships with contractors in an effort to maintain best value and a quality provision.
- Existing individual contracts, and competitive quote processes to ensure compliant spend for the various electrical areas are in place to cover support provisions to LBS until September 2021 when it is anticipated this contract will be established.

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’.

3. Resource implications

- A below threshold restricted procurement process will be carried out to establish this contract, utilising contractors registered with Constructionline which will ensure achieving 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 these commercial works.
- Transfer of Undertakings (Protection of Employment) Regulations (TUPE) may apply contractor to contractor if a new contractor takes over work from an existing contractor. The Council will bear no TUPE responsibility as a result of re-tendering this contract.

Recommendations

- a) The Director of Resources & Housing is recommended to approve the use of a below threshold procurement procedure to establish a framework agreement of up to 5 contractors to deliver electrical works to non-housing council properties, valued at £550,000 per annum, starting on 1st September 2021 for a term of 4 years with no provision to extend. The maximum value of the framework agreement will be up to £2,200,000.

1. Purpose of this report

- 1.1. In accordance with Contracts Procedure Rule (CPRs) 3.1.6, the purpose of this report is to seek approval to carry out a below threshold compliant procurement exercise to establish a framework agreement to support LBS with electrical works to non-housing properties.
- 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 5 contractors to the framework.

2. Background information

- 2.1. Leeds City Council have 2,100 Council assets across 800 sites including schools, the civic estate, offices, sports and leisure centres and children’s homes across the authority

- 2.2. The Council's internal service provider, LBS, sub-contract elements of work where they do not have the direct labour resources to carry out the works internally. It is planned that LBS will deliver works through their own direct workforce in the first instance but this framework will provide additional capacity should it be required.
- 2.3. The question as to whether to bring housing and non-housing 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 in maintaining the Council's non-housing portfolio, a new arrangement is required to continue to support the LBS workforce.
- 3.2. In order to achieve consistency across contracts for non-housing building works, an appropriate schedule of rates for shall be used for responsive and maintenance works.
- 3.3. Work allocation for the proposed framework contract will be as follows
 - Works under £5,000 will initially be offered to the highest ranked contractor. If the highest rank contractor rejects the work, the work will be offered to the second highest contractor and so on.
 - Works over £5,000 will be subject to mini competition across all 5 ranked contractors
- 3.4. As an attempt to generate interest in this opportunity, an Expression of Interest (EOI) exercise has been undertaken using the Government's approved list 'Constructionline' in order to identify good quality electricians that specialise in commercial and industrial electrical works. The EOI that has been issued identifies a clear scope of the works required to contractors and the key timelines for implementation
- 3.5. Following an assessment of procurement routes and timescales needed to establish this contract, it is proposed to use a restricted procurement route utilising contractors registered with Constructionline. This will lead to healthy competition, and allows fair opportunity to locally based incumbent providers.
- 3.6. 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.
- 3.7. There will be no guarantee of any volume of works throughout the framework term, and Contractors will be not be guaranteed to receive any volume and this will be expressly stated within the contract terms as workload is dependent upon LBS being commissioned by departments and also their capacity of internal delivery.

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

| Timetable (indicative - subject to change) | |
|--|--------------------|
| Issue Tender Documentation | April 2021 |
| Tender evaluation (Inc. governance reporting, and contract award prep) | May to August 2021 |
| Contract Award | August 2021 |
| Contract Start | September 2021 |

4. Corporate considerations

4.1. Consultation and engagement

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

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

4.2.1. No implications have been identified and a supporting EDCl 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. 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’.
- Being responsive to local needs, building thriving, resilient communities.
- The repair of run-down buildings helps keep people safe from harm. They can be used by the whole community of Leeds to build thriving, sociable communities.

Climate Emergency

4.3.2. Leeds City Council declared a Climate Emergency in March 2019 and one of the aims is to reduce the city’s carbon footprint. Through effective tender, and contract management document creation we can 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. This framework agreement will be managed by LBS who will develop and implement a contract management plan which will detail how the framework agreement will be managed, including performance reporting processes and how payments will be made. 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 the Council's CPRs.

4.5.2. As the value of the proposed framework agreement exceeds £500,000, 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. 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 framework agreement. A key performance indicator framework will also be adopted as part of the contract management to ensure suppliers adhere to expected targets.

4.6.2. Suppliers must be provided with enough data to inform them of future work programmes so they can accurately plan workloads and price the framework agreement to avoid capacity problems or disagreements further down the line.

5. Conclusions

5.1. LBS require ongoing support to enable delivery of electrical works to non-housing properties. Failure to establish such a framework agreement could adversely affect the growth ambitions of LBS, result in non-contract spend or poor condition of Council properties, leading to an increased in disrepair bills.

5.2. LBS and procurement officers have reviewed all the potential procurement options and have concluded that the preferred option would be to establish a contract using a competitive tender process on YORtender; inviting contractors from Constructionline who have expressed an interest. Extensive work has resulted in 20 contractors expressing their interest in these works.

6. Recommendations

6.1. The Director of Resources and Housing is recommended to approve the use of a below threshold procurement procedure to establish a framework agreement of up to 5 contractors to deliver electrical Works to non-housing council properties, valued at £550,000 per annum, starting on 1st September 2021 for a term of 4 years with no provision to extend. The maximum value of the framework agreement will be up to £2,200,000.

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.