



Report of Head of Leeds Building Services

Report to Chief Officer Civic Enterprise Leeds

Date: 19th March 2021

Subject: DN364963 Contract Extension for External and Internal Communal Painting Including Prior to Painting Repair Works

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 type="checkbox"/> Yes <input checked="" 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) currently have a contract in place for external and internal communal painting, including prior to painting repair works to Housing Leeds housing properties.
- This contract started on the 1st April 2019 for an initial period of 24 months until the 31st March 2021, with the option to extend for a further 2 x 12 months until the 31st March 2023.
- The contract was let with an annual value of £2,200,000 per annum for the initial two year contract period with the option to extend for a further two 12 months periods, totalling a potential spend of £8,800,000.
- LBS currently deliver approximately 40% of this service with internal operatives and subcontract the remaining 60% to the 3 external contractors.
- There are currently 3 contractors appointed to this contract. These are; Mitie Property Services (UK) Limited, Alfred Bagnall & Sons (Leeds) Limited and Wharfedale Decorations Limited.

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 are set out at section 4.3 below.
 - **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

- The proposed extension to this contract will maintain an efficient method of procuring these essential services. LBS will continue to allocate works using the methods set out in the contract to ensure we are obtaining value for money in a compliant manner.
- This extension is to support the LBS direct workforce, and there will be no guarantee of any volume or value of works throughout the contract term.

Recommendations

- a) The Chief Officer Civic Enterprise Leeds is recommended to approve the extension of the External and Internal Communal Painting contracts with Mitie Property Services (UK) Limited, Alfred Bagnall & Sons (Leeds) Limited and Wharfedale Decorations Limited for a period of 24 months commencing from the 1st April 2021 until the 31st March 2023 with a total potential extension value of up to £4,400,000 across all three contractors.

1. Purpose of this report

- 1.1 This report is to inform the Chief Officer Civic Enterprise Leeds of the requirement to extend the External and Internal communal Painting contract. The extension will be for a period of 24 months starting from 1st April 2021.

2. Background information

- 2.1 LBS established a contract to commence in April 2019 to utilise external contractors to support LBS with the delivery of a programme of works requiring external and internal communal painting including prior to painting repair works for Housing Leeds' housing properties located citywide.
- 2.2 The contract was awarded to 3 contractors:
- Mitie Property Services (UK) Limited
 - Alfred Bagnall & Sons (Leeds) Limited
 - Wharfedale Decorations Limited

3. Main issues

- 3.1 The contract is due to expire on the 31st March 2021 with 2 available extensions of 12 months. LBS are seeking approval to utilise both extension periods in accordance with CPR 21.1 and award contract extensions to the 3 contractors originally awarded contracts.
- 3.2 LBS currently deliver approximately 40% of this service with internal operatives and subcontract the remaining 60% to the 3 external contractors.
- 3.3 LBS have confirmed that the current contract is providing value for money, delivering an efficient service and that they are happy to utilise the remaining extensions to this contract.
- 3.4 There is a recurring annual budget for this painting requirement that will exceed beyond the expiry of this particular contractor. Utilising both available extensions to this contract would avoid having to incur any resourcing costs in undertaking a new procurement exercise to establish a replacement contract. We believe that incurring these costs would outweigh the value that would be achieved from a new contract and would not achieve better competitive rates at this current time.
- 3.5 The 3 contractors with whom we are seeking approval to extend contracts with have all formally confirmed they would accept an extension on the existing terms.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation has taken place with the Head of LBS, LBS Key Stakeholders, Procurement and Commercial Services, and Civic Enterprise Leeds Senior Management Team, who are all in agreement with the recommendations in this report.
- 4.1.2 In light of recent guidance issued from the Corporate Leadership Team in relation to the budgetary impact of COVID-19, and to ensure that reviews are being conducted

to ensure contract awards and extensions are necessary in the current climate, this requirement has been discussed between the LBS Procurement & Commercial Lead, acting as Category Manger for LBS, the Head of LBS, and the Senior Financial Officer for LBS and has been deemed a statutory requirement to ensure continued external contractor support for painting and repair services to maintain the Council's property stock portfolio as required over the next 24 months.

- 4.1.3 The proposed extension to this contract will allow LBS sufficient time to review this requirement to determine if a new contract is required as a replacement to this contract from April 2023, or if the LBS planned works team will be in a position to directly deliver all requirements through their own direct workforce.

4.2 Equality and diversity / cohesion and integration (ECDI)

- 4.2.1 There will be no change to contract terms or conditions and the EDCI carried out on commencement of these contracts is satisfactory (no need for a full assessment was identified). A copy can be obtained from the original DDN or requested from the report author.

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. In accordance with this, this extension is being carried out in line with Leeds City Council's Contract Procedure Rules.
- 4.3.2 The proposed extension to this contract will maintain a compliant method of procuring external contractors to conduct External and Internal Communal Painting services.
- 4.3.3 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:
- 4.3.4 **Inclusive Growth** – 'Supporting growth and investment' and 'Supporting businesses and residents to improve skills, helping people into work and into better jobs':
- 4.3.5 **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.

- 4.3.6 **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

- 4.3.7 At Full Council on 27 March 2019, Leeds City Council passed a motion declaring a Climate Emergency. 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 1.5°C.
- 4.3.8 Through delivering the service with LBS we are supporting the commitment to reduce air pollution, with the service having the largest fleet of electrical vehicles across the Council. Following further expansion of LBS electric vehicles in October 2019, Leeds City Council will have the largest fleet of electric vehicles of any council in England.
- 4.3.9 As part of the tender evaluation process we asked all contractors how they would support our commitment to reduce air pollution; each contractor stated that they currently use new, modern vehicles with the latest engine technology, use local labour, use local suppliers and would plan journey routes to ensure they are travelling the most fuel efficient routes. This will be a continued requirement of this extension.

4.4 Resources, procurement and value for money

- 4.4.1 The proposed extension to this contract will maintain an efficient method of procuring these essential services and is expected to offer value for money over what would be achieved through disaggregating the total spend and utilising the quotation process in accordance with CPRs when painting requirements are necessary throughout the year.

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

- 4.5.1 This is a Significant Operational Decision which is not subject to call-in and there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 4.5.2 Whilst there are no legal implications in taking up the extension (assuming it is to be taken up in line with the terms of the contract) in making their final decision, the Chief Officer Civic Enterprise Leeds should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

4.6 Risk management

- 4.6.1 The existing contractors have performed well and so the risk in extending the contract is low. A new tender exercise is not expected to bring any further savings at this time, and additional costs would be associated with a further tender process.
- 4.6.2 If this extension isn't approved, this service will no longer be contractually compliant and therefore incur high levels of non-contract spend which may put the Council at risk of challenge from other contractors.
- 4.6.3 LBS has already conducted due diligence checks to ensure each of the 3 contractors recommended for extension.

5. Conclusions

- 5.1 The current contract remains an effective agreement through which value for money services can be delivered.
- 5.2 All 3 appointed contractors have completed all allocated works to a suitable standard, and have confirmed they have the resources to be able to undertake further works issued to them over the course of the proposed extension.
- 5.3 It is recommended that the extension of this contract should be approved in order to allow LBS to retain external contractor support to continue providing painting services to their clients, compliantly and on contract.

6. Recommendations

- 6.1 The Chief Officer Civic Enterprise Leeds is recommended to approve the extension of the External and Internal Communal Painting contracts with Mitie Property Services (UK) Limited, Alfred Bagnall & Sons (Leeds) Limited and Wharfedale Decorations Limited for a period of 24 months commencing from the 1st April 2021 until the 31st March 2023 with a total extension value of up to £4,400,000 across all three contracts.

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.