



Report of Chief Officer Civic Enterprises Leeds

Report to Director of Resources

Date: 26th March 2021

Subject: DN527681 (previously DN465697) – Authority to procure specialist contractors to support Leeds Building Services with the delivery of multi trade responsive repairs and planned schemes to non-housing properties

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

- LBS are looking to conduct a new procurement exercise to put in place a framework agreement for multi trade responsive repairs and planned schemes to the Council's non housing property portfolio.
- The proposed framework which is to replace current arrangements will be approximately £3m per annum and will run for a period of 3 years with an option to extend for a further 1 x 12 months and is scheduled to commence on 1st September 2021.
- Work estimated at up to £100k will be awarded through the framework. For work estimated at greater than £100k, separate tenders will be invited through Constructionline in an attempt to secure better value for money. The annual estimated value of this work is £1m per annum.
- 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 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 external works 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

- An above threshold open procedure will be carried out for this procurement therefore a notice via the UK Government's Find a Tender service will be published, ensuring value for money through engagement with the broader market.
- 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 (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 is recommended to approve the use of an above threshold open competitive procedure to establish a framework agreement of up to 4 contractors, valued at £3,000,000 per annum for works estimated at up to £100k, starting on 1st September 2021 for up to a maximum term of 4 years. The maximum value of the framework agreement will be up to £12,000,000.
- b) The Director of Resources is recommended to approve use of inviting tenders from Constructionline for works estimated at above £100k. The annual estimated value of this work is £1m and will run alongside the 4 year framework contract.

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 an above threshold compliant procurement exercise to establish a framework agreement to support LBS with non-housing multi trade responsive repairs, planned and maintenance works.
- 1.2 This report provides information to allow the Director of Resources to approve the proposed procurement route for the appointment of up to 4 contractors to the framework.

2. Background information

- 2.1 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.
- 2.2 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 in maintaining the Council's non-housing portfolio, a new arrangement is required to continue to support the LBS workforce.
- 3.2 It is proposed that the tender will be evaluated using a separated quality and price approach. Contractors will be required to meet minimum quality thresholds in their quality submission. Thereafter, contractors that submitted the lowest prices will be appointed to the framework agreement. This ensures contractors provide the quality standard that LBS expects whilst achieving best value for money for the Council. Approval of the evaluation criteria will be sought in accordance with CPR 15.1 and the relevant directors sub delegation scheme.
- 3.3 It is proposed that works valued at less than £25k will be awarded to the contract on a ranked basis and all will be allocated initially to the rank 1 contractor. Work will be allocated to contractors ranked at position 2 and below where sufficient capacity is unavailable with the higher ranked contractors.
- 3.4 It is proposed that works valued over £25k and under £100k will be subject to a mini-competition among all the contractors on the framework.
- 3.5 Works above £100k will be tendered outside of this contract using Constructionline via the LBS Tender Hub. This approach was agreed to encourage greater competition and obtain best value for one off larger schemes.
- 3.6 There will be no guarantee of any volume of works throughout the framework term, as workload is dependent upon LBS being commissioned by departments and also their capacity of internal delivery.
- 3.7 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 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. 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’.
- 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. 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.
- 4.4.2 Local Yorkshire-based small and medium sized organisations were contacted for market engagement in an effort to encourage interest and competition from the SME market. Around 43 contractors (both local and national) have shown an interest in this opportunity and this large number of interested parties will encourage competition so that value for money can be obtained

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

- 4.5.1 This procurement will be undertaken in compliance with the Public Contract Regulations 2015 and the Councils 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.

5. Conclusions

- 5.1 LBS require ongoing support to enable delivery of multi trade responsive repairs and planned schemes on 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.

6. Recommendations

- 6.1 The Director of Resources is recommended to approve the use of an above threshold open competitive procedure to establish a framework agreement of up to 4 contractors, valued at £3,000,000 per annum for works estimated at up to £100k, starting on 1st September 2021 for up to a maximum term of 4 years. The maximum value of the framework agreement will be up to £12,000,000.
- 6.2 The Director of Resources is recommended to approve use of inviting tenders from Constructionline for works estimated at above £100k. The annual estimated value of this work is £1m and will run alongside the 4 year framework contract.

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.