

DN435124: Contract Award Responsive Repairs and Maintenance for Drainage Works

Date: 27th May 2021

Report of: Head of Leeds Building Services

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Leeds Building Services (LBS) currently manage drain clearance, jetting, digging, rodding and CCTV works to support – Drainage works to non-housing assets citywide, utilising a framework of subcontractors, initially procured in 2014. This framework expires 30th June 2021 with no further option to extend. LBS will be taking over the management of the drainage contract for housing drain clearance, jetting, digging, rodding and CCTV works to support – Drainage requirements in the east and south of the city as part of their growth strategy on the 1st July 2021, to deliver as part of the responsive repair, voids & cyclical maintenance responsibilities for both the East & South of the city.
- Leeds City Council (LCC) has a duty of care that all homes are of a minimum statutory standard under the Landlord & Tenant Act 1985 section 11. In addition, LCC has a responsibility to ensure that drains are maintained and repaired in any non-housing buildings which they are either responsible for or own. Entering into this contract will allow LBS to oversee the totality of these works, which are to be carried out by the new contractors.
- LBS are planning to split the works into two lots both covering housing and non-housing as follows:
 - Lot 1 – Housing only works in the East and Non-Housing works in the East & West.
 - Lot 2 – Housing and Non-Housing works in the South.
- The drain clearance, jetting, digging, rodding and CCTV works to support – Drainage repairs for housing in the west will be delivered as part of the current procurement activity for responsive repair, voids & cyclical maintenance works that is proposed start from 1st October 2021. This contract will be managed by Housing Leeds until 2026.
- The works will help with the Best Council Plans in that it will help with the sustainable infrastructure of the drains and pipes by dealing with such repairs as water leaks and blockages which cause waste to overflow into the roads and waterways, thereby ensuring that we use water as resourceful as possible

Recommendations

- a) The Chief Officer Civic Enterprise Leeds is recommended to note the contents of this report and approve the appointment of the following contractors:
- I. Lot 1 –Subscan UDS Ltd for Housing – East Leeds only and Non-Housing – East & West Leeds only
 - II. Lot 2 – Easaway Drain Care (UK) Ltd for Housing –South only and Non-Housing – South only
- b) The Chief Officer Civic Enterprise Leeds is requested to note that the contract is proposed to start on 1st July 2021 for a 4 year period ending on the 30th June 2025 with the option to extend for a further 4 x 12 months. The value of the contract is estimated to be in the region of £800,000 pounds per year for each lot, totalling £12.8 million including any extensions.
- c) Recognise that Appendix 1 should be designated exempt from publication

Why is the proposal being put forward?

- 1 The purpose of this report is to document the procurement process undertaken, report the results of the tender evaluation process and seek approval to award contracts to two contractors as outlined in the recommendations

What impact will this proposal have?

Wards affected: 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

Have ward members been consulted? Yes No

- 2 LBS have historically sub-contracted out the drain clearance, jetting, digging, rodding and CCTV works to support – Drainage works for all non-housing properties city wide.
- 3 For housing works the south and west areas of the city have to date been included with the existing contract arrangements with Mears. The East area has been delivered via a contract direct with Housing Leeds.
- 4 A contract with Housing Leeds in the East of the city expired at the end of March 2021. A variation to this contract has been put in place to cover the needs for the 1st April – 30th June 2021, thus allowing continuity of service delivery until these new procurement arrangements can be awarded.
- 5 The responsive repair and void works in the East & South of the city are being insourced in July 2021 and LBS will deliver the full range of services from that date
- 6 After a review of LBS operations it has been decided from 1st July 2021 drain clearance works will be managed by LBS and sub-contracted out, due to its specialist requirements.
- 7 The contract will be split into two lots. Lot 1 will cover housing in the east of the city, and non-housing for the east & west of the city. Lot 2 will cover the south of the city for both housing and non-housing. This approach will provide a more consistent approach and the increased scale will bring competition and best value
- 8 The works in the West form part of the responsive repair and void contract as referred to in in the what is this report about section of this report.

- 9 As part of the approved procurement strategy approval was obtained due to the value of the contract to carry out via YORtender a two stage Restricted tender process.
- 10 The advert seeking interest including the completion of a PAS91 document was published on the 27th July 2020 and closed on the 9th September 2020. Eleven organisations submitted the PAS 91. These were evaluated by the project panel and a shortlist of 7 approved to go forward to the Invitation to Tender.
- 11 The top seven organisations who passed the PAS91 minimum threshold were invited to tender for the works on 28th October 2020 and tender submission deadline was by 9th December 2020. Three of those invited submitted bids, with three not responding and one declining the opportunity
- 12 The tenders were evaluated on a 30% quality, 70% price basis and was overseen by Construction & Housing Procurement Officers. The evaluation team comprised of officers from Leeds Building Services who would be responsible for the contract management
- 13 Quality submissions were scored on a consensus basis out of 10 with weighting applied to each question leading up to a total possible score of 300
- 14 It was not possible to evaluate the price submissions from the original return and the 3 tenderers who submitted bids were requested to reprice their tender submissions after being provided with further clarification on the pricing requirements. Tenders were received on 24th February
- 15 The council's commercial Quantity Surveyors team within Housing Leeds were responsible for evaluating the Schedule of Rates and pricing submission while verifying their completeness and compliance.
- 16 The tenderer with the lowest price was given the highest score available for price (700 points) and the others were given a reduced score based on calculating the percentage difference between their price and the lowest price and then deducting this percentage from the maximum score.
- 17 The combined Quality & Price scores are as follows

Tenderer	Quality (300 marks)	Price (700 marks)	Total Score	Rank
Subscan UDS Ltd	195	700.00	895.00	1
Easaway Drain Care (UK) Ltd	243	608.04	851.04	2
Lanes Group plc	197	219.94	416.94	3

- 18 The rates submitted have been benchmarked by the Commercial QS Team against the national Housing Federation current rates and are deemed to be within acceptable parameters for work of this nature.
- 19 As part of due diligence, financial checks have been completed to ensure there is no risk to the authority. The results will be kept on file
- 20 Due to the requirements of this contract, there is no guarantee of any volume of works throughout the contract term. Actual spend will be based on works required against the Schedule of Rates submitted at tender stage.

What consultation and engagement has taken place?

- 21 Head of Leeds Building Service, LBS stakeholders, Procurement and Procurement and Commercial Services Legal Team, and Leaseholder Team have been consulted as part of this process.
- 22 The structure of this contract is in line with the LBS Procurement Strategy approach which has been developed through consultation between Senior Procurement colleagues, and the Head of Leeds Building Services. This strategy provides an overarching framework which is to be applied to all future contracts in order to align the way that contracts are managed and monitored effectively to ensure the best possible output to support LBS' Growth Strategy, and enable them to provide an efficient and value for money responsive repairs service across the City to both domestic, unoccupied, and corporate maintained properties
- 23 The strategy has been developed to focus on achieving fit for purpose contracts which will be established with a strong focus on:
 - Achieving value for money through effective market engagement to encourage greater levels of competition
 - Identifying and enabling cost savings
 - Consistent approach to terms of service and contract across housing, and non-housing, to enable improved contract management
 - Adoption of a mixed economy of contractors to support the LBS Works programme (including repairs, maintenance and planned works) which will in turn support the local economy and SMEs in line with Core Council Values

What are the resource implications?

- 24 Due to the specialist nature of the works, LBS are unable to deliver the works in house, therefore it is necessary to undertake this procurement activity, so as to ensure significant spend for will be not be incurred as non-contract spend, putting the authority at risk of inefficient costs, lack of contract management and challenge from the market.
- 25 As part of LBS strategy review it was agreed that, as they are responsible for delivering responsive repairs, voids & cyclical maintenance in the east and south of the city, they should also take on the management of this element, alongside their non-housing drainage responsibilities
- 26 Easaway Draincare Ltd T/A Easaway Draincare are responsible for the East of the city, while Mears Limited are responsible for the South under the current responsive repair, voids & cyclical maintenance works which ends on the 30th June 2021. They will work with LBS and the Housing Leeds Procurement Team to ensure a smooth mobilisation and de-mobilisation.

What are the legal implications?

- 27 This decision is a Significant Operational Decision and is not subject to call-in. It is a direct decision of a previous Key Decision to undertake the procurement.
- 28 Other than the information contained in confidential Appendix 1, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules. The information in Appendix 1 of this report has been identified as exempt/confidential under the Access to Information Rules 10.4 (3). The public interest in maintaining the exemption in relation to the confidential Appendix outweighs the public interest in disclosing the information

and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of a number of individual companies.

- 29 The tenders have been evaluated in accordance with the evaluation criteria set out in the tender documents and therefore, provided the works are still required and affordable the preferred contractors should be appointed. In making the final decision, the decision maker should be satisfied that this contract represents best value for the Council.
- 30 A 10 day standstill period was carried out and ended 4th May 2021 in order to allow unsuccessful tenderers to view the outcome of this procurement in an open and transparent manner.

What are the key risks and how are they being managed?

- 31 The Council through their internal service provider LBS has a duty of care to make sure that the stock of housing are in a fit state. It has a legal duty to make sure homes are of a good standard under the Landlord & Tenant Act 1985, section 11 to make sure that the dwellings are in good order. It must also ensure that all tenants' homes are fit for purpose under the Homes (Fit for Habitation) Act 2018
- 32 The Council through their internal service provider LBS has a duty of care to make sure that non-housing drains are maintained and repaired. If they are not kept up to a decent standard then this will affect the building and grounds of the commercial property with unwanted odours and waste. This in turn could affect people using the commercial property. They are also responsible for making alterations to drains within buildings which the Council is responsible for including the grounds of the building
- 33 LBS will ensure that a Contract management plan will be in place for the start of this contract. Regular meetings will take place throughout the duration of the contract and will monitor performance/Key Performance Indicators included within the specification
- 34 Due to the nature of the works (volumes not guaranteed), contractors could potentially reject work if they reach capacity. LBS will closely monitor the contractor and identify reasons for rejection

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

35

Options, timescales and measuring success

What other options were considered?

- 36 This work is an essential requirement under legislation in order to maintain repairs and maintenance to the drainage system within the boundaries of council housing and non-housing stock.
- 37 As the tenders received in competition are complaint and deemed to provide value for money it is proposed to proceed with the award of a contract to enable provision to be in place from 1st July 2021.
- 38 There are no other reasonable or viable routes or options necessary for consideration at this time.

How will success be measured?

39 The success of the contract will be measured through a set of agreed KPI's with the contractor that have been clearly outlined in the tender documentation. There will be regular meetings between LBS officers and the contractor to follow up on the KPI's and address any improvements or efficiencies that can be made to service levels. A contract management plan will also be in place to ensure the successful day to day running of the contract.

What is the timetable for implementation?

40 The current contract is due to expire on the 30th June 2021, therefore the replacement contract will commence on the 1st July 2021 for 4 years, with an option to extend the contract for 4 X12 months, potentially leading to a 8 year contract. The contract is to be awarded in June 2021 with a 1 month mobilisation period for the preferred contractor to plan and implement the new contract from the start date

Appendices

41 Appendix 1 - [QS Tender Evaluation Drainage](#)

Background papers

42 [ATP Report](#)