

# Procurement of Specialist Contractors for the Delivery of Windows, Doors and Glazing works to Domestic Properties and Civic Estate

Date: 8 October 2021

Report of: Chief Officer Civic Enterprise Leeds

Report to: Director of Resources

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

- This report replaces an authority to procure report which was submitted and approved in March 2021. The previous report is revoked as the content is not in-line with the main LBS procurement strategy.
- The previously recommended contract value was estimated at £350,000 per annum circa £2,800,000 over the contract duration and the recommended procurement route was Restricted Constructionline tendering process. However, under the new approach, the contract value is now estimated at £800,000 per annum and a potential total value of £6,400,000 and the recommended procurement route is Above Threshold Open tendering process.
- This report is seeking approval from the Director of Resources to procure contractors across 9 lots to deliver the supply and installation of windows, doors and glazing to Leeds City Council domestic and civic properties across the city.
- This procurement will contribute to the Best Council Plan outcomes in the following areas:
  - **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’.

## **Recommendations**

- a) In accordance with the Council's Contract Procedure Rules 3.1.7, this report requests the Director of Resources to:
- approve the use of Above Threshold Open tendering process as the procurement route to appoint contractors across 9 lots. The contract commencement will be approximately March 2022 for a duration of 4 years with an option to extend for a further 4 x 12 months.

### Why is the proposal being put forward?

- 1 LBS previously had 2 contracts in place for windows, doors and glazing: these are housing; and non – housing; LBS have decided to combine both elements into 1 contract to improve the contract management process, in order to increase competition by creating a more attractive opportunity to the market and to achieve best value through economies of scales.
- 2 LBS do not have the skilled operatives, materials and additional resources required to undertake the nature of this work. LBS have continuously subcontracted out the services required for windows, doors and glazing to support both planned work and responsive repairs. This may include the supply, installation/replacement of windows, doors and glazing.

### What impact will this proposal have?

**Wards affected:**

Have ward members been consulted?

Yes

No

- 3 This procurement will present LBS an opportunity to establish a new contract to undertake the replacement of windows, doors and glazing in the existing council properties.
- 4 As part of the contract, there will be a requirement to achieve additional social value benefits. The LBS will work with the Social Value Portal team and the appointed contractor to ensure the commitments submitted as part of their tender are delivered. The contractor will report to the Social Value Portal every quarter on their social value delivery during the life of the contract.
- 5 An equality, diversity, cohesion and integration impact assessment has been undertaken which has indicated there are no negative impacts arising from undertaking this procurement.

### What consultation and engagement has taken place?

- 6 Leaseholder consultation has been conducted in line with legislation to ensure all associated recharges can be made.
- 7 Procurement and Commercial Services have been consulted throughout the procurement process.
- 8 Trade Unions are consulted regularly with regards to all LBS procurement activity, and subcontracting arrangements

### What are the resource implications?

- 9 The procurement will be carried out in line with Public Contract Regulations whilst ensuring competition is sought to identify best value.
- 10 This contract will be managed by Leeds Building Services 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.
- 11 The evaluation approach to be implemented is the Quality & Price separated methodology, this means contractors will be required to meet a minimum threshold on the quality submission. Following this assessment those who pass the set threshold will be evaluated on a price only basis.
- 12 The service will operate on the agreed tender prices with clear costs and ways of working laid out during the tender process, utilising the NHF Schedule of Rates for Domestic works, and National Schedule of Rates for Commercial work.

- 13 The established evaluation criteria will ensure that the selected contractors will have specialist skill, technical expertise and knowledge that will ensure all works are completed with consideration to health and safety and the environment.
- 14 Contractors can apply for all lots, however, will be awarded a maximum of 3 lots. In the first instance the highest ranked supplier following evaluation will be awarded the maximum number of lots and West Non-Housing, dependent on number of lots applied for and demonstrating adequate financial capacity. (Turnover of at least 25% above the total potential contract value of lots to be awarded).
- 15 The Council reserve the right to exclude organisations where their price submission is 5% more expensive than the highest ranked supplier following financial assessment. Should this result in less than 3 organisations being compliant in their price submission, the Council reserve the right to award remaining lots to one or more of the appointed organisations subject to demonstrating adequate financial capacity or retender the remaining work area in an alternative manner.
- 16 Additional criteria set to ensure best value is obtained include setting a minimum discount to be offered on the established Schedule of Rates, and any submission exceeding 5% difference from the lowest bid will be excluded from the tender evaluation process.
- 17 The contract will be under NEC4 Option A Term Service Contract
- 18 The estimated contract value is approximately £800,000 per annum and potential total value is circa £6,400,000.

### **What are the legal implications?**

- 19 The delegated decisions to determine the procurement approach for the consultancy services detailed in the report should be taken in compliance with Contract Procedures Rules 3.1.7.
- 20 Given the costs related to this contract this decision will be a key decision and will be eligible for call in. There are no grounds for keeping the contents of this report confidential under Access to Information Rules.
- 21 In making their final decision, the Director of Resources should note the above comments and be satisfied that the course of action chosen represents best value for money.
- 22 A Privacy Impact Assessment was completed from which it was determined that the delivery contractors role would be that of a Data Processor. 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 General Data Protection Act 2018. We are currently working with Leeds City Council Information Governance Team in order to develop these.

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

- 23 A risk of procurement challenge is always present when undertaking a competitive procurement exercise. To mitigate this risk, procurement and commercial services have been involved to ensure a fair, transparent and compliant procurement process is undertaken.
- 24 Due diligence checks of the preferred contractor will be done to ascertain their financial position prior to contract award and throughout the contract period. This will ensure we are contracting with a financially stable organisation which will limit the risk of the successful contractor falling into financial trouble which could affect the delivery of the project.
- 25 The contract, including contractor performance will be effectively managed and monitored to ensure the works are delivered to the contract specification and in a timely manner. Social value benefits will be monitored by the Social Value Portal in collaboration with the LBS.
- 26 There is an ongoing risk of potential labour and materials shortages because of the COVID-19 pandemic and Brexit. The team will continue to monitor this and work with a successful contractor to mitigate this risk where possible.

- 27 Due to current market conditions and the COVID-19 pandemic, there is a risk of low number of tender returns. The procurement team will continuously engage with contractors before and during the tender, ensuring they are fully supported in the process in order to maximise the number of bids received.
- 28 The COVID-19 pandemic continues to present risk as regulations change regularly. This will be closely monitored by the team and successful contractor throughout the duration of the contract.
- 29 There is a risk that the tender for the proposed works will exceed the pre-tender estimate and available budget provision. To mitigate this as much as possible, a comprehensive and robust pricing document has been created to ensure all prices are deemed to be accurate, viable and reflective of the required works.
- 30 The appointed contractors will have specialist skill, technical expertise and knowledge that will be assessed and evaluated using quality criteria during the procurement. This will ensure all works are completed with regards to Health and Safety and Environmental consideration.

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

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 31 **Inclusive Growth:** Supporting growth and investment, helping everyone benefit from the economy to their full potential: Social Value Portal will be involved throughout the procurement and life of the contract to ensure social value benefits are delivered which will contribute to Inclusive Growth. There will also be a focus on appointed contractors to promote local skills and employment and investing in the local supply chain.
- 32 **Health and wellbeing:** Safe, Strong Communities – ‘Keeping people safe from harm, protecting the most vulnerable’ and ‘Being responsive to local needs, building thriving, resilient communities’. The contractor will be required to deliver within this contract and as part of their social value commitments, initiatives to promote positive mental health within the workplace through encouraging a progressive work environment, which promotes mental health awareness and wellbeing
- 33 **Climate Emergency:** It is proposed that renewable energy sources will be considered where possible. The council in conjunction with Social Value Portal will work with the contractors to explore all opportunities to reduce carbon emissions further. The contractors will also be required to meet all legislation and industry best practice in regard to environmental management.

### Options, timescales and measuring success

#### What other options were considered?

- 34 A range of procurement options have been considered; in summary these are:
- 35 **Do Nothing** – This option was discounted as there would be no procurement activity and therefore no contractor to deliver the programme resulting in either in non-compliant spend and activity, or the council being unable to deliver essential services.
- 36 **Internal Service Provider (ISP)** – This would be a very quick option since there would be no procurement activity and work could be awarded directly to the ISP. However, on this occasion it is not relevant as the procurement is required to support in house capacity to deliver windows, doors and glazing and the contractor will be managed by LBS directly.
- 37 **External Frameworks** – External Frameworks have been considered however none contained the incumbent contractors or contained the type of works required from this contract. Other external frameworks did not cover the type of works or materials required for non-housing civic works and therefore this option could not be recommended.

38 **Above Threshold Open Council Tender (Recommended)** – This procurement route would allow the Council to carry out an open and compliant tender activity via Yortender. This route is the recommended route as it provides the opportunity to reach a widest range of contractors including the incumbent to offer competition for this tender process.

**How will success be measured?**

**a) How will success be measured?**

39 Key Performance Indicators have been applied to this contract and will be monitored throughout its life. The KPIS include

- W2- Completion of Works within Target
- W4- Completed Works Customer Satisfaction
- W5- Quality of Completed Works
- HS1- Compliance of Health and Safety Inspection
- HS2- Health and Safety Non-Compliance Resolved Within Target

40 Social Value success will be measured and monitored by the Social Value Portal. The contractor will report their social value delivery to the Social Value Portal every quarter during the life of the contract and Social Value Portal will provide an end of project summary report detailing the Social value benefits delivered on this contract.

**b) What is the timetable for implementation?**

41 This contract is anticipated to commence in March 2022 for an initial period of 4 years with the option to extend for a further 4 x 12 months periods, subject to mutual agreement.

The proposed timetable for the delivery of this arrangement using a Above Threshold Open tendering process is set out below:

<b>Dates</b>	<b>Process</b>
25 <sup>th</sup> October 2021	ITT Issued
13 <sup>th</sup> December 2021- 14 <sup>th</sup> February 2022	Tender Evaluation and Governance
March 2022	Contract Award
March 2022	Contract Start

**Appendices**

DDN Report

EDCI Screening Form

**Background papers**

42 [Decision details on the intranet web site](#)