

Housing Leeds Strategy and Investment: Kitchens, Bathrooms and Rewires framework call-off for 2021/22 (DN559021): Tender evaluation results and proposed award of call-off order

Date: 27th October 2021

Report of: Head of Strategy and Investment

Report to: The Director of Communities, Housing and Environment

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

- 1 The purpose of this report is to document the procurement process undertaken, including how tenders were evaluated, and to seek approval to award a contract to Kier Services Ltd to deliver the 2021/22 Kitchens, Bathrooms and Rewires works.

Recommendations

The Director of Communities, Housing and Environment is requested to: -

- a) Approve the award of a contract following the call-off carried out as a price only mini-competition for Kitchens, Bathrooms and Rewires for 2021/22 (year 4 of the framework) to Kier Services Ltd.
- b) To note that this call-off will cover the period from November 2021 to 31st March 2022 and that the estimated expenditure will be approximately £1.4m.

Why is the proposal being put forward?

- 1 The current Housing Leeds Planned works: Kitchens, Bathrooms and Rewires framework agreement commenced on 1st April 2018 for a 4-year period.
- 2 Planned works are the undertaking of renewals and maintenance works that have been planned and included in a works programme. They include the replacement / upgrade of new items where a similar item previously existed e.g., kitchens, bathrooms and rewires as appropriate to our circa 54,000 council homes
- 3 This need has arisen partially as an impact of Covid on delivery and capacity, it is anticipated the required works to be delivered through this contract will be predominantly from referrals from the repairs team in relation to items that are beyond repair. Therefore, to support the upgrade and modernisation of homes and add significant value to many residents across the city

- 4 The Kitchens, Bathrooms and Rewires framework was procured in 2017 as an OJEU compliant framework and contracts were awarded to three contractors. At this time the works were to be allocated on a 40%, 30%, 30% basis to the 3 contractors, with the 40% going to the lowest ranked contractor. During 2018/19, £7.7m of works were delivered and in 2019/20 a further £6.7m of works were delivered by the 3 external contractors. This was works in addition to approx. £3.0m per annum that has been delivered each year by Leeds Building Services.
- 5 The selection process for year 1 (2018/19 spend) and year 2 (2019/20 spend) under the framework specified that the bidders ranked first, second and third place according to the competitive framework award process would be selected to deliver the works. The evaluation process involved was based on both price and quality considerations. These contractors have delivered works that were unable to be delivered by the internal service provider (LBS).
- 6 Leeds Building Services (LBS) are delivering £3.0m of work in year 4 (2021/22), the Head of LBS has stated there is insufficient resource to deliver the additional works, within the required timescales (estimated value at £1.4m). This work is required urgently to deal with the backlog of work accumulated during the pandemic. The work will therefore need to be delivered by an external contractor, utilising the existing framework agreement, as set out in the recommendations within this report.
- 7 A Key Decision was taken by the Director of Communities, Housing and the Environment on 24 September 2021 to approve the undertaking of a price only mini competition through the framework to enable a single contractor to be appointed to deliver the works in 2021/22 (Year 4), as this would help the Council to achieve greater cost savings. All organisations agreed to this approach.
- 8 All three contractors on the framework tendered for the work and a price only evaluation was undertaken by Quantity Surveyors in the Commercial Team, within Strategy and Investment . The price evaluation was split into the following criteria.

Element	Description	Maximum Marks available	% of Price Evaluation
1	Activity Schedule KBRs (Kitchens, bathrooms and associated rewires)	800	80%
2	Activity Schedule Isolated Rewire (Isolated Rewires and Consumer Unit Replacements)	150	15%
3	Schedule of Variations	50	5%
	Total	1000	100%

- 9 Full details of this price evaluation of the 3 tender submissions can be found in the confidential Appendix 1, prepared by the Commercial team.

10 Following completion of the price only evaluation, a summary of the results is listed below:

	Organisation	Total Score (based on 3 price criteria)	Tendered price £
1	Kier Services Ltd	936.54	£1,209,061.74
2	Engie Regeneration Ltd	928.27	£1,248,155.30
3	Mears Ltd	150.00	£3,515,221.43

- 11 The organisation which is recommended to be awarded the contract to deliver the 2021/22 Kitchens, Bathrooms and Rewires works is Kier Services Ltd.
- 12 The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contract to the successful bidder. They have the capacity, resource, and experience within this operational field of work considered necessary to deliver the service requirement.
- 13 Financial due diligence has taken place against the contractor to undertake this year's work.
- 14 Contract management plans are being reviewed and will be ready for implementation on November 2021. It is expected that the mobilisation period will require a lead time of between 4 – 6 weeks with approximately 3 weeks to fit a kitchen.

What impact will this proposal have?

Wards Affected: City wide

Have ward members been consulted? Yes No

- 15 The proposal will add significant value to many of our residents across the city as the award will concentrate on referrals from the repairs team in relation to items that are beyond repair, thus supporting the upgrade and modernisation of their homes.
- 16 An Equality, Diversity, Cohesion, and Integration (EDCI) assessment was completed and was an appendix to the October 2016 framework Key Decision report. As a result, the council ensured the key points were included in the contract documentation, such as relations to the contractors' Resident Liaison Role and how we make sure appropriate resident information is provided to contractors. This was also an action from the completed Privacy Impact Assessment. There are no equality, diversity, cohesion, and integration issues related specifically to the framework call-off for Kitchens, Bathrooms and Rewires.

What consultation and engagement has taken place?

- 17 The Key Decision for the 2021/22 Kitchens, Bathrooms and Rewires call-off was made by the Director of Communities, Housing and the Environment on 24 September 2021 and Legal and Procurement colleagues have been consulted in the development of this report.

What are the resource implications?

- 18 A due diligence exercise has been undertaken on pricing to ensure that it is viable, comprehensive, realistic, sustainable and offers value for money.
- 19 The 2021/22 Kitchens, Bathrooms and Rewires call-off order is valued at £1,209,061.74 and will be awarded to the successful contractor who will undertake works across the city.
- 20 The contract value is approximate and is based on the Housing Leeds Investment Strategy, which may well have to be revised considering any revisions to the HRA Business Plan in order to allow for external factors which may result in changes to future budgets. No minimum values are guaranteed to the contractor.
- 21 The resources for delivery of these capital works are from within the Housing Revenue Account (HRA). The 2021/22 Capital Programme was given Authority to spend on 21st June 2021 and of this £1.4m of this was for Kitchen, Bathrooms and Rewires.

What are the legal implications?

- 22 This report is a subsequent decision of a previous Key Decision in September 2021 and is, therefore, a Significant Operational Decision which is not subject to call-in
- 23 The tenders have been evaluated in accordance with the evaluation criteria set out in the tender documents of the mini-competition, in that the call-off for 2021/2022 (year 4) will be based on price only.
- 24 As outlined in the original framework agreement, each year's work requires a separate contract award in line with the NEC3 framework approach.
- 25 Appendix 1 of this report are exempt under the Access to Information Procedure Rules 10.4.3. The public interest in maintaining the exemption in relation to the confidential appendices outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and business affairs of the organisations involved.

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

- 26 A risk register has been produced for the 2021/22 call-off. The project team will continue to monitor the identified risks and consider any new risks moving forward through the contract award and mobilisation.
- 27 The procurement of the framework agreement was undertaken in accordance with the Regulations and the Council's Contracts Procedure Rules, with full guidance and support from the Procurement and Commercial teams.
- 28 Work is now progressing to make sure that there is an appropriate planned and resourced contract mobilisation activity with clear roles and responsibilities between now and the start of the new call-off contract which starts November 2021.
- 29 Notable risks relevant to this procurement are: -
 - Contractor not adequately resourced to deliver works:
Mitigation: When the original framework was being evaluated and at short listing stage this was a key focus to make sure any new contractors who took over work had sufficient resource to carry out the works. There are KPI's which are attached to the framework which all contractors must adhere to in regard to planned delivery. Should they fall under a certain threshold the council can reallocate works to one of the other contractors on the framework agreement.

- Contractor does not perform to expected standards

Mitigation: When the framework contractors were chosen a clear and detailed performance specification was carried out. This means that the requirements of the Council are clear to each contractor on the framework. Contract managers will work with the successful contractor to ensure that they are ready to deliver to the expected standards from day one of the new call off order.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

30 Investment in these works and the resulting activity contributes to two of the Council's 3 Key Pillars as follows:

- The skills programmes, apprenticeships and employment support provided by the programme will help towards our Inclusive Growth target of supporting businesses and residents to improve skills, helping people into work and into better jobs.
- The programme will improve the living environments of our residents which will help towards our Health and Wellbeing target of reducing health inequalities and improving the health and wellbeing of our tenants.

Options, timescales and measuring success

a) What other options were considered?

31 The alternative options were to:

- Allocate the planned works for 2021/22 to our internal service provider Leeds Building Services (LBS). Although LBS are in the process of delivering a programme of works in 21/22 the Head of LBS has confirmed that they cannot deliver these works of approx. £1.4m.
- Allocate the planned works to the three contractors on the Kitchens, Bathrooms and Rewires framework on a 40%/30%/30% basis as had been done in previous years. This option was discounted as potential cost savings could be achieved by selecting a single contractor through a mini competition on a price only basis. To split the amount of £1.4m between 3 contractors would not be cost effective for such items as 3 sets/ costs of preliminaries, site set etc for little overall value of works. In addition, all 3 contractors have agreed to tender in competition for these works.

b) How will success be measured?

32 The programme directly contributes to the achievement of a number of the key performance indicators which the Council will use to measure success including:

- a) Providing enough homes of a high standard by maintaining properties to the Leeds Homes Standard.
- b) Supporting economic growth and access to economic opportunities, Employment and Skills targets for contractors helps create training and employment opportunities in Leeds.
- c) Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through our contracting activity.

- d) All tenderers were required to complete social value plans for evaluation, including Employment and Skills targets when the Kitchens Bathrooms and Rewires framework was originally tendered in 2017.

Appendices

33 Appendix 1 – Tender Evaluations

Background papers

- 34 [Background Documents - Report Housing Leeds Planned Works.pdf](#)
35 [KBR- Delegated Decision Notification – DDN.doc](#)