

## Procurement of contractors to support delivery of painting and decorating to Housing properties

Date: 13<sup>th</sup> December 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

- Leeds Building Services (LBS) request authority to undertake a procurement exercise to procure up to 2 contractors to support LBS with the delivery of painting and decorating services to occupied and unoccupied housing properties. It is anticipated this contract is will have an estimated value of £300,000 per annum with a potential total contract value of £2,400,000. The contract will run for 4 years with the option to extend for 4 x 12 months.
- This contract will replace an existing painting and decorating contract of a similar nature which is due to expire on the 31<sup>st</sup> March 2022 but that will be varied up until 1<sup>st</sup> May 2022 with an estimated spend of £11,000 on the same terms and conditions, to cover the period until the new contract is in place from 2nd May 2022.
- This contract contributes to the Best Council Plan in a number of areas:
  - **Inclusive Growth** – ‘Supporting growth and investment’ and ‘Supporting businesses and residents to improve skills, helping people into work and into better jobs’.
  - **Housing** – Housing of the right quality, type, tenure and affordability in the right places and will support inclusive growth by providing regeneration to housing areas.

### Recommendations

- a) In accordance with the Council's Contract Procedure Rule 3.1.7, this report requests the Director of Resources to approve the use of the below threshold restricted procurement process via Constructionline as the procurement route to establish contracts with up to 2 external contractors for the delivery of painting and decorating to occupied and unoccupied housing properties.
- b) The Director is requested to note that the tender will be evaluated using the quality/price separated approach and it is proposed that the contract will run for 4 years with the options to extend for 4 x 12 months, with a potential total contract value of £2,400,000.

## Why is the proposal being put forward?

- 1 The purpose of this report is to seek approval in accordance with Contract Procedure Rule 3.1.7 to carry out a procurement exercise to appoint up to 2 contractors to deliver painting and decorating works to occupied and unoccupied housing properties, located throughout the City, in order to support LBS deliver its programme of works.
- 2 This contract will support 3 different work streams: responsive works, voids, and planned works. The contract scope specifies that responsive works and voids will only take place within the east and south areas of the City, and that there will be City wide coverage for planned works. LBS will deliver works through their own direct workforce in the first instance. However, this contract will provide additional capacity at peak demand when LBS are unable to deliver. In line with the LBS Procurement Strategy, it is considered that this mixed approach of delivering works using both contractors and in-house provision provides best value and delivers efficiencies, while ensuring that the advertised works are attractive to local business and SME's, in turn supporting the local economy.
- 3 This report outlines a preferred option, the reasons behind the decision and the steps taken to ensure the tender submissions demonstrate and provide contractors that demonstrate both expertise and value for money.
- 4 Each year LBS manage the delivery of approximately £300,000 of painting and decorating works covering full internal redecoration to minor patch painting, including anti-fungal and bio-check treatment works, to domestic properties, and utilise an external contractor to support them in delivering these works. The existing contract was due to expire on the 31<sup>st</sup> March 2022. Due to late changes made to the scope of works, location of works and contract value, this tender is going out to market much later than originally anticipated, therefore it has resulted in an expected contract start date of the 2<sup>nd</sup> May 2022. We are now proposing to vary the existing contract by extending it by an additional 1 month to ensure spend is contractually compliant and to minimise disruptions in providing painting and decorating services to our tenants.
- 5 It is proposed that the contract will be let for an initial 4-year period with the option to extend for up to 4 x 12 months.
- 6 It is proposed that the tender evaluation methodology will be based on the quality/price separated approach. Contractors will be required to meet minimum quality thresholds in their quality submissions. Thereafter, contracts will be awarded to the 2 contractors that submitted the lowest prices. This ensures contractors are providing the minimum quality standard that LBS expects whilst achieving best value for money for the Council. Approval of the evaluation criteria will be sought from the Head of LBS in accordance with Contract Procedure Rule 15.1 and the relevant directors sub delegation scheme.
- 7 As an attempt to generate a good level of interest extensive research has been undertaken using the Government's approved list 'Constructionline' in order to identify good quality painting and decorating specialists. The Expression of Interest (EOI) that has been issued identifies a clear scope of the works required to contractors and the key timelines for implementation.
- 8 In discussion with the Procurement Officers within Procurement & Commercial Services (PACS), the following procurement options have been considered in line with Contract Procedure Rule 3.1:
  - a) **Do Nothing** – LBS currently does not have sufficient internal resources to meet their client's (other Council Directorates) requirements, therefore support from external contractors is required. Doing nothing would result in a high level of off contract spend.
  - b) **Call off from an external framework** – There are several external frameworks available, and information has been gathered on each them. However, the frameworks predominately

included larger contractors and for this contract we are looking to utilise small or medium sized contractors to deliver the works and gain better value for money.

- c) **Below threshold procurement via Constructionline (Recommended)** - This route would provide an opportunity to test the market through a competitive exercise and to ensure value for money is obtained. As a result of issuing an EOI to contractors who specialise in painting and decorating services, it is proposed that 8 contractors will be invited to take part in a restricted tender process with bidders being evaluated through a quality/price evaluation methodology. This route allows the Council to approach a wide field of contractors both small and medium in size. This procurement option would provide the Council with a compliant and robust tender process. The use of Constructionline would allow the Council to select suppliers that have already been through a validation process to ensure they have completed a PAS91 and have provided the necessary financial and insurance information. This would give the Council assurance that the contractors selected to tender from Constructionline have the basic requirements sought by the Council.

### What impact will this proposal have?

**Wards affected:** City wide

Have ward members been consulted?       Yes                       No

- 9 It's anticipated that there will be no significant impacts to the wards.
- 10 This contract will support LBS with their responsibility of delivering painting and decorating works to housing properties on behalf of Housing Leeds within the City.

### What consultation and engagement has taken place?

- 11 LBS have consulted with the Chief Officer Civic Enterprise Leeds, Civic Enterprise Leeds Senior Management Team, Head of LBS, LBS stakeholders along with the Procurement and PACS Legal Team. All parties are supportive of the proposal.
- 12 Leaseholder consultation (stage 1) has taken place in line with Section 20 of the Landlord and Tenant Act 1985.
- 13 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 applied to all LBS contracts to align the way that contracts are managed and monitored which ensures the best possible output to support LBS' Growth Strategy. Further, it enables LBS to provide an efficient and value for money responsive repairs service across the City to both domestic, unoccupied, and corporate maintained properties.
- 14 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?**

- 15 The contractors selected have specialist skill, technical expertise and knowledge that will ensure all works are completed with regards to Health and Safety and Environmental consideration.
- 16 The successful contractors will be required to provide the full service at the agreed tender prices with clear costs and ways of working laid out from the tender process.

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

- 17 The procurement will be carried out in an open and transparent manner in line with the Council's Contract Procedure Rules, ensuring competition is sought to identify best value.
- 18 Due diligence checks of the preferred contractor(s) will be done to ascertain their financial position prior to contract award. This will ensure we are contracting with a financially sound organisation limiting the risk of works not being completed.
- 19 Given the costs related to this contract this decision is a Key Decision and is eligible for call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

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

- 20 The contract will be managed and monitored by the appointed contract manager within LBS to ensure the benefits of the services are maximised to meet their client's requirements. In addition, the contractor's performance will be measured over the life of the contract.
- 21 A contract management plan will be developed that will clearly identify roles and responsibilities of officers with contract ordering and performance management & monitoring activities.
- 22 There are risks in using old scopes or specifications from previous contracts as standards may become outdated. Updating these are important in ensuring specifications are still fit for purpose. The use of the National Housing Federation Schedule of Rates and specifications has allowed consistency across LBS contracts. The 'off-the-shelf' documents guarantees specifications with up to date standards and practices.

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

Inclusive Growth       Health and Wellbeing       Climate Emergency

- 23 **Inclusive Growth** – 'Supporting growth and investment' and 'Supporting businesses and residents to improve skills, helping people into work and into better jobs'.  
Successful contractors will demonstrate a commitment to deliver local recruitment, employment, and establish local supply chains to support their business in delivering works for LBS.

## Options, timescales and measuring success

### What other options were considered?

24 The alternative option to approving this authority to procure is to abort the procurement activity and rely on LBS' direct workforce for all painting and decorating works in housing properties; this is not recommended. LBS have insufficient operatives to meet the demands of their clients and require external provision to support delivering of these works. Failure to procure additional resource would create a high risk of non-contract spend with decreased quality and impact on delivery of service provision provided to tenants on behalf of Housing Leeds.

### How will success be measured?

25 Each contractor will have a set of KPIs that must be met. The KPI requirements are based on the targets set by Housing Leeds. LBS will manage the performance of the contractors to ensure the client's requirements are completed to their satisfaction.

26 The contract management plan will emphasise the perceived aims and objectives of the contract and how their realisation and contract success will be received and managed, in addition to the plan clearly stating the responsibilities of the contractor.

### What is the timetable for implementation?

27 The proposed timetable for the delivery of this arrangement is set out below:

An indicative timetable for the proposed procurement process is set out below:	
Issue Tender Documentation for 30 days tender period	10 <sup>th</sup> January 2022
Tender Return Deadline	10 <sup>th</sup> February 2022
Tender Evaluation, Governance, Leaseholder Consultation & Contract Award	10 <sup>th</sup> February to 29 <sup>th</sup> April 2022
Contract Start	2 <sup>nd</sup> May 2022

### Appendices

28 None

### Background papers

29 Equality, Diversity, Cohesion and Integration Screening