

Authority to procure contractors to support LBS delivery of planned roofing improvements to housing properties (52808)

Date: 9th May 2022

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 with a current estimated contract value of up to £800,000 to seek to appoint up to 2 contractors to re-roof housing properties located throughout City.
- These works are required to be completed by 31st March 2023.
- The re-roofing and associated works to residents' properties are required as an ongoing part of the housing capital programme, funded by the Housing Revenue Account (HRA).
- LBS currently has no long-term contract in place to deliver works on this scale and are therefore seeking to undertake a competitive procurement exercise to ensure these works are completed in the financial year 2022/23.
- This scheme will improve the energy performance and efficiency of the homes leading to reduced carbon emissions and reduced fuel poverty.
- This scheme will support the council's ambition for Leeds to be a compassionate and caring city that tackles poverty and reduces inequality, by making sure that our tenants, including some of the most vulnerable people in our city, are able to live in safe, accessible and well-maintained homes.

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 the below threshold restricted procurement process via Constructionline as the procurement route to establish a contract with up to 2 contractors for the delivery of planned roofing improvement works to Housing properties. Where there is a price variation of more than 5% between the tenderers the Director is asked to approve the option to appoint the cheapest contractor only.
- b) The Director of Resources is requested to note that the tender will be evaluated with an evaluation split of 90% price, 10% quality and the contract is proposed for a works period of

up to 7 months, with the option to extend by up to a further 3 months, with an estimated total contract value of up to £800,000.

Why is the proposal being put forward?

- 1 This report advises the Director of Resources of the options available and seeks approval for the recommended procurement approach to be pursued for the appointment of up to 2 contractors to undertake the proposed roofing improvement works.
- 2 Re-roofing and associated works to residents' properties are an ongoing part of the planned works within the housing capital programme, funded by the HRA.
- 3 In order to deliver these re-roofing works to be completed by the 31st March 2023, LBS are required to engage contractors through a competitive procurement exercise. The recommendation to award to 2 contractors for this work is to ensure LBS can meet the demand to complete the required work in the current financial year.
- 4 LBS do not have sufficient directly employed internal resource to deliver the programme of re-roofing works required by Housing Leeds, therefore LBS require external contractor support.
- 5 LBS are seeking to procure up to 2 contractors to support the delivery of these works on a 60% / 40% work allocation split based on the value of works. The highest scoring compliant tenderer will be given 60% of the works and the second placed compliant tenderer will be given 40%. If there is a variation of 5% or more in the submitted prices between the tenderers, LBS will have the right to offer up to 100% of the works to the first placed tenderer.
- 6 It is proposed that the tender will be evaluated with an evaluation split of 90% price, 10% quality. The 10% quality will solely be for the contractor's social value proposals.
- 7 Procurement Options
 - a) **Do Nothing** - As LBS do not have sufficient internal capacity to undertake all of this roofing work directly, the services will be procured using the approved framework, Constructionline. This is in accordance with the Contract Procedure Rules (CPRs).
 - b) **Below threshold procurement via Constructionline (Recommended)** - This route would provide an opportunity to test the market through a competitive exercise, reducing timescales from not having to conduct a PAS91 and allowing the Council to procure these works compliantly. An expression of interest (EOI) with contractors who can carry out domestic roofing works was issued, and 13 contractors have confirmed interested in tendering for the works. The use of Construction Line allows the Council to select suppliers that have already been through a validation and vetting 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 are able to satisfy the technical and financial requirements and due diligence sought by the Council.

What impact will this proposal have?

Wards affected: City Wide

Have ward members been consulted?

Yes

No

- 8 It's anticipated that there will be no significant impacts to the wards.
- 9 An equality, diversity, cohesion and integration screening has been undertaken which has indicated that there are no negative impacts arising from undertaking this procurement exercise.

10 This contract will support LBS with their responsibility of delivering re-roofing works to housing properties on behalf of Housing Leeds within the City.

What consultation and engagement has taken place?

- 11 Some properties within property list provided Housing Leeds may contain leaseholders so therefore we will undertake consultation under Section 20 of the Landlord and Tenant Act 1985. The Notice of Intent was issued on 27th April 2022 to provide notice and invite leaseholders to comment on the intended agreement/works.
- 12 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 & PACS Legal Team and Housing Leeds Project Team. All parties are supportive of the proposal.
- 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 to be invited to tender will have specialist skill, technical expertise and knowledge that will ensure all works are completed with regards to Health and Safety and Environmental consideration.
- 16 Funding for the scheme comes from the Housing Revenue Account (HRA).
- 17 This report seeks authority for LBS to procure up to 2 contractors to deliver up to £800,000 worth of planned roofing improvement works to Housing properties.
- 18 The service will operate on the agreed tender prices with clear costs and ways of working formalised during the tender process and through the contract.

What are the legal implications?

- 19 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.
- 20 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.

21 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?

- 22 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 Housing Leeds requirements as the client. In addition, the contractor's performance will be measured over the life of the contract.
- 23 There is a risk that the tender for the proposed works will exceed the budget available. This will only become apparent upon receipt of the tenders. This risk cannot be completely mitigated and, if the issue arises, it may be necessary to review the scope of service to comply with the budget available.
- 24 A contract management plan will be developed that will clearly identify roles and responsibilities of officers with contract ordering and performance management & monitoring activities. This plan will also 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.

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

Inclusive Growth Health and Wellbeing Climate Emergency

- 25 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.
- 26 This scheme will improve the energy performance and efficiency of the homes leading to reduced carbon emissions and reduced fuel poverty.
- 27 This scheme will support the council's ambition for Leeds to be a compassionate and caring city that tackles poverty and reduces inequality, by making sure that our tenants, including some of the most vulnerable people in our city, are able to live in safe, accessible and well-maintained homes.

Options, timescales and measuring success

What other options were considered?

- 28 The alternative option to approving this authority to procure is to abort the procurement activity and rely on LBS' direct workforce for all roofing requirements. Unfortunately, LBS does not house any skilled operatives who can conduct re-roofing works, therefore the only option is to subcontract the work to a specialist roofing company.

How will success be measured?

- 29 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.
- 30 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?

31 The proposed timetable for the delivery of this arrangement is:

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|--|---------------------|
| An indicative timetable for the proposed procurement process is set out below: | |
| Issue Tender Documentation | June 2022 |
| Tender return date | June 2022 |
| Tender evaluation (inc. governance reporting, and contract award prep) | June to August 2022 |
| Contract Award | August 2022 |
| Contract Start | September 2022 |

Appendices

32 Equality, Diversity, Cohesion and Integration Screening

Background papers

33 None.