

Procurement Strategy Authority to procure report in relation to putting a contract in place for the provision of a demolition framework for use by Leeds Building Services

Date: 25 May 2022

Report of: Chief Officer Civic Enterprise

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 is seeking approval to put a new procurement strategy in place for a new demolition framework contract. This will build on previous arrangement that have been utilised, including any 'lessons learned'.
- Typically, the nature of the works to be delivered through the proposed new arrangement will involve demolition and site clearance of various structures. Specifically, this may include removal of foundations/ floor slabs/ beams etc., removal of materials from site, site restoration, landscaping, termination of utility services, sealing disused sewers and drains, obtaining regulation and planning approvals, protection of people and security of property. It's anticipated that most of these needs will be in small packages in the region of £5k to £30k for areas such as estate type garages etc as opposed to major demolition works on a site.
- Clearly these works are necessary as old building structures or those in disrepair can be dangerous.
- The procurement and resulting contract will contribute to the Best Council Plan objectives below. More detail will be provided later in the report.
 - *Child-friendly city*: Enhancing the city now and for future generations.
 - *Age-Friendly Leeds*: Making Leeds' public spaces and buildings accessible, safe, clean and welcoming.
 - *Housing*: Housing of the right quality • Improving energy performance in homes, reducing fuel poverty.
 - *Safe, Strong Communities* • Keeping people safe from harm • Being responsive to local needs, building thriving, resilient communities.

Recommendations

The Director of Resources is recommended to approve a procurement strategy as required under CPR 3.1.7 to procure an arrangement to seek to include up to 6 contractors on a list to deliver demolition services to support Leeds Building Services. It is proposed that the arrangement will be for 2 years, with two 12-month extension available, with annual estimated expenditure of £1m, therefore the total value of the agreement, inclusive of extensions, will be approximately £4 million.

Why is the proposal being put forward?

- 1 This proposed procurement is intended to replace an earlier previous agreement that has now expired, whilst this worked and was fit for purpose at the time it is proposed to build on that previous agreement using 'lessons learned' and incorporate these into this proposed new procurement.

What impact will this proposal have?

Wards affected: City Wide

Have ward members been consulted?

Yes

No

What consultation and engagement has taken place?

- 2 The Head of Leeds Building Services (LBS) and Service Managers within LBS, procurement officers and legal officers within PACS have been consulted in identifying this proposed procurement route.

What are the resource implications?

- 3 As the proposed value is below the Find a Tender threshold for works of £4,447m, it is proposed that the opportunity will be sourced via competition from the invitation of contractors from Constructionline.

It is proposed that the procurement process will be managed through the YORtender portal, with an emphasis on engaging demolition firms in the region through Constructionline to inform them of the opportunity.

The tender will be evaluated using the price/quality separated approach, in which quality will be evaluated first, with only those suppliers who achieve the minimum quality threshold score being evaluated on price. The contract will then be awarded to the 6 contractors that submit the lowest price.

It is proposed that tender opportunity will provide for emergency demolition works and non-emergency works. The tender will provide a ranking methodology to allocate emergency

works to the contractor ranked first and so on (second, third ranked etc) if they are unable to deliver the works within the contracted emergency response time. The bulk of the value of the annual work is expected to be non-emergency demolitions. These works will be subject to a mini-competition exercise between all the contractors on the framework. This additional price-based competition for each specific required works will help to ensure that the contract delivers value for money throughout the duration.

What are the legal implications?

- 4 It is paramount that procurement within the Council ensures openness, transparency, and fairness. As such this contract will be procured in line with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

The specification will outline and ensure any tenders submission is in compliance with required British Standards which may be applicable or equivalent.

Demolition services can involve exposure to dangerous material like asbestos so compliance to any current safety regulations will need to be adhered to.

Due to the value of the proposed procurement been more than £500,000, this report is a Key Decision and therefore subject to 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?

- 5 To secure sufficient contractors for delivery – the previous framework agreement only had 4 contractors appointed to it. Subsequently this reduced to only 3 in year 2 when one contractor was no longer operating. This put a strain on the capacity of the remaining incumbent contractors. To mitigate any capacity risk, it is proposed that up to 6 contractors are appointed to the new framework agreement and as part of the competition process between these contractors then the appointed contract manager will monitor capacity and performance and not seek to overload any organisations to impact on delivery, therefore both maintaining appointed contractors' interest and maximising competition between contractors. Full details will be contained in the tender documentation.

A Risk Register and Contract Management Plan will need to be prepared to ensure risk is managed throughout the contract.

Brexit, the Coronavirus COVID-19 global pandemic and the war in Ukraine has caused unprecedented disruption which may affect businesses in the longer term. These implications are impossible to predict, but financial standing and resource availability may be affected and should be closely monitored.

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

Inclusive Growth

Health and Wellbeing

Climate Emergency

- 6 The removal of unsafe structures through this framework agreement will contribute to a child and age-friendly city as residents will have access to safe spaces and new buildings that enhance Leeds and therefore supporting health and wellbeing and inclusive growth. People are kept safe as rundown structures are replaced with new buildings to create safe, strong communities. As older buildings are demolished, they can be replaced with housing of the right quality that can be more energy efficient, supporting health and wellbeing and inclusive growth.

Climate Emergency

Demolition services can help tackle climate change by the demolition and reduction of old, unsafe structures with inefficient heating systems or use hazardous materials (such as asbestos). These can be replaced with innovative, energy efficient, sustainable buildings that use renewable energy.

In addition, the contractors will be required to ensure that dust and debris affecting air quality and noise pollution will be minimised where possible. Sustainable methods and materials will be employed where practicably possible.

Demolition Services will promote inclusive growth as Social Value will be included in the contract. The procurement process will engage with the Council's Employment and Skills team and contractors will be required to answer a method statement on this, and provide the outputs requested by the Council. Social Value TOM's will also be selected and included within the tender; these will be reported back to Social Value Portal on an annual basis.

Options, timescales and measuring success

a) What other options were considered?

- 7 The use of a dynamic purchasing system (DPS) was initially considered. In order to support this, research was carried out on third party framework agreements and DPSs available in the market and an options appraisal was done. Both positive and negative points were found for both options.

As the use of a DPS has not been used to procure demolition services previously, a market sounding exercise was undertaken to ask potential suppliers whether they would prefer a DPS or framework agreement. The market sounding exercises indicated that most contractors would prefer to bid for a framework agreement over a DPS. It is important that we take the viewpoints of possible contractors into account to ensure a fair procurement process.

External framework agreements were also considered. Possible external framework providers included, Efficiency North, Crown Commercial Services, Efficiency East Midlands, Procure Public and MI Procurement. These frameworks would provide a compliant route to contract. This option also provides a quicker route to market than doing our own Leeds above threshold procurement process.

However, it is recommended that we seek to procure contractors from Constructionline for a below threshold procurement process as using external framework agreements would result in the council incurring additional fees and, in some cases, may restrict ability to access a fuller range of contractors for competition and the service in their ability to specify tailor-made contract requirements.

b) How will success be measured?

- 8 Success will be measured through several KPI's implemented into the contract and reporting of these regularly.
- 9 Contractor report at the end of each order – based on supervision, health and safety, start finish time and price and if come in as per quote or with extra cost.

c) What is the timetable for implementation?

Timeline	
Tender Publish	w/c 20 th June 2022
Tender Return	27 th July2022
Tender Evaluation and Governance	August2022
Contract Award	Mid September 2022
Contract Commencement	October 2022

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Appendices

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Background papers

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