

58456 – Leeds Building Services Planned Roofing Improvements to Housing Properties – Tender Evaluation and proposed Contract Award report

Date: 3rd October 2022

Report of: Head of Leeds Building Services

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in? ☐ Yes ☒ No

Does the report contain confidential or exempt information? ☒ Yes ☐ No

Appendix 1 - Access to Information Procedure Rule 10.4(3).

Brief Summary

- To report the tender evaluation results and to seek approval to award the recently tendered Leeds Building Services (LBS) contract for the delivery of reroofing works to housing properties located throughout the City. This contract will provide key sub-contractor resources to LBS in the delivery of their work programme for 2022/23.
- 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’.
 - **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) The Chief Officer Civic Enterprise Leeds is recommended to note the contents of this report and approve the award of contracts for works to be delivered as part of the 22/23 housing reroofing capital programme and to be completed by 31st March 2023, with a total combined estimated contract value of £800,000 to the following contractors.
 - Houston Group of Companies Ltd
 - Marcher Roofing Limited

- b) Recognise that Appendix 1 should be designated exempt from publications in accordance with the Access to Information Procedure Rule 10.4(3).

What is this report about?

- 1 The purpose of this report is to report the results of the tender evaluation process and to obtain approval to award contracts, following conclusion of a below threshold restricted tender process utilising Constructionline approved contractors. An initial tender process was aborted as it was identified after dialogue between Housing Leeds and LBS, that the nature of the pricing information didn't reflect the actual known mix of property archetypes. The repricing was to require re-roofing works with a key emphasis on Livett Cartwright properties with a reduced number of other roof archetypes.
- 2 This re-pricing exercise was carried out so as to enable the tenderers to provide more accurate prices given the specific nature of the scheme required (i.e., not generic archetype based but specific addresses that were mainly system build properties) due to further information being received from Housing Leeds on the address list. One tenderer from the initial tender process was not invited to bid on the re-pricing exercise, as a result of other matters that were under review negating them from the receipt of further new tender opportunities.
- 3 Tenders were returned on 9th September 2022 and 5 organisations submitted a tender for evaluation by the due deadline.
- 4 All 5 tenders were evaluated using a 90% price and 10% quality weighted approach, full details of the price and quality evaluation are shown in the confidential appendix 1, with the 2 highest scoring tenderers being considered for award. The recommendation is to award contracts to 2 tenderers to ensure LBS can meet the demand to complete all required works within this financial year 2022/23.
- 5 The summary scores of the 5 tenders received are as follows. The total amount of points achievable was 1000 (900 for price and 100 for quality).

Tenderer	Price Score	Quality Score	Total Score	Rank
Houston Group of Companies Ltd	900	11.2	911.20	1
Marcher Roofing Ltd	898.72	11.4	910.12	2
Tenderer 3	552.78	10	562.78	3
Tenderer 4	490.72	0	490.72	4
Tenderer 5	0	75	75	5

Tenderer 5 scored zero for price due to their price being more than 100% higher than the lowest priced tender submission from Houston Group of Companies Ltd.

- 6 It is proposed that the following 2 contractors who submitted the most economically advantageous tenders, are appointed:
1st place - Houston Group of Companies Ltd ("Houston Group")
2nd place - Marcher Roofing Limited ("Marcher Roofing")
- 7 As per the tender documentation, the works will be allocated between the 2 contractors on a 60%/40% split with the lowest priced contractor receiving 60% and the next lowest priced contractor receiving 40%. Houston Group will receive approximately £480,000 of work orders,

and Marcher Roofing will receive approximately £320,000 of work orders during the period of the contract.

What impact will this proposal have?

- 8 It's anticipated that there will be no significant impacts to the wards.
- 9 This contract will support LBS in their responsibility of delivering roofing improvement works to housing properties on behalf of Housing Leeds located across the City and contribute to the delivery and expenditure of the capital programme.

How does this proposal impact the three pillars of the Best City Ambition?

☒ Health and Wellbeing

☒ Inclusive Growth

☐ Zero Carbon

- 10 **Inclusive Growth** – ‘Supporting growth and investment’ and ‘Supporting businesses and residents to improve skills, helping people into work and into better jobs’.

Successful contractors have demonstrated a commitment to deliver local recruitment, employment, and establish local supply chains to support their business in delivering works for LBS.

- 11 **Health & Wellbeing** – Safe, Strong Communities – ‘Keeping people safe from harm, protecting the most vulnerable’ and ‘Being responsive to local needs, building thriving, resilient communities’.

What consultation and engagement has taken place?

Wards affected: City wide

Have ward members been consulted?

☐ Yes

☒ No

- 12 The Chief Officer Civic Enterprise Leeds has been consulted throughout the development and implementation of the LBS procurement strategy which includes this proposed contract.
- 13 Key officers sitting on the Weekly Assurance Meeting (WAM) & Weekly Business Review (WBR) were consulted during the process including in obtaining authority to procure the contract and authority to award the contract.
- 14 Procurement and Commercial Services including the legal team have been consulted throughout the procurement process including contribution to any reports etc.
- 15 LBS officers have been involved throughout the procurement activity.
- 16 The Section 21 leaseholder consultation process has not been conducted due to no leaseholders living in the proposed 110 properties identified in this urgent programme.

What are the resource implications?

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

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

- 19 Key areas to monitor and potential areas of risk are:

- Ensuring the contract is managed and monitored by the appointed Contract Manager within LBS to ensure the benefits of the services are maximised to meet the Client's requirements.
- The Contract Manager will ensure that regular contract meetings take place throughout the duration of the contract, and they will monitor performance measures/Key Performance Indicators (KPIs) that are included within the specification and Contract Management Plan. The Contract Manager will ensure performance standards are met by the contractors and if they are found to be underperforming and failing to meet minimum standards, appropriate action will be taken to rectify the cause of failure.
- Expenditure against budgets provision will be monitored regularly by the Contract Manager to ensure that contractors are on track with expected levels of spend.
- Although these contracts have been sourced from Constructionline, the proposed contractors recommended for award have also been checked for both technical references from previous delivery of works and also financial checks and due diligence has taken place. Both contractors proposed for award are confirmed as financially stable prior to contract award. Records are stored on file for audit purposes.
- If any contractor rejects any work from LBS, the Contract Manager will closely monitor the contractor and identify the reasons for the rejection, as it could be an early sign of financial difficulty.
- If the contractor has capacity issues, the proposed contingency plan will be to utilise the other contractor and if this isn't possible, the Tender Hub team will obtain a minimum of 3 quotes and offer the work to the lowest priced quote.

What are the legal implications?

- 20 The procurement has been undertaken in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.
- 21 This is a Significant Operational Decision as a direct consequence of the original Authority to Procure (Key Decision re D55296) attached in the background papers, taken on the 27th May 2022, and is therefore not subject to call-in. Other than confidential Appendix 1, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 22 The information in Appendix 1 of this report has been identified as exempt/confidential under the Access to Information 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 the business affairs of a number of individual companies.

Options, timescales and measuring success

What other options were considered?

- 23 The alternative option to approving this contract award, is to abort the procurement activity and rely on LBS' direct workforce for all roofing works in housing properties. This is not recommended as a viable solution as LBS do not currently employ roofing operatives directly as part of their workforce and require external provision to support delivering any roofing works. Due to this, there will be a risk of high non-contract spend, and decreased quality and impact on delivery of service provision provided to tenants on behalf of Housing Leeds, in addition to the major impact of not spending the value of the works that are part of the Council's approved housing capital programme.

24 Consideration has been given to awarding all work to the lowest priced tender, however having a sole contractor for provision of this work would leave the authority at significant risk of not delivering the proposed work programme in 22/23 should the selected organisation encounter financial stability or capacity issues. Awarding the contract to more than one contractor ensures there are contingency measures in place should we encounter a contractor failure.

How will success be measured?

25 LBS are the internal service provider for their client, Housing Leeds. They are required to deliver this current programme in the current financial year so before the 31st March 2023, in order to meet spend targets as part of capital programme delivery.

26 Each contractor will have a set of KPIs that must be met, and which are clearly set out in the contract. 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.

27 KPIs have been applied to this contract and will be monitored throughout its life. They include:

- Works completed within agreed target time.
- To measure the satisfaction levels of tenants.
- Compliance of Health and Safety Site Inspections.

What is the timetable and who will be responsible for implementation?

28 This contract is anticipated to commence on site in late October / early November 2022 with all works completed by the 31st March 2023.

Appendices

- Confidential Appendix 1 – Tender Analysis Report

Background papers

- Authority to procure - <https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=55296>