

Approval of Procurement Strategy requesting permission to appoint a contractor using the YORbuild Framework via a direct call off procedure and incur costs associated with the RIBA Stage 4 development under a Pre-Construction Services Agreement for the Kirklands Autism Project.

Date: 19th October 2022

Report of: Project Manager, Projects and Programmes, City Development

Report to: Director of Adults and Health

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report outlines the procurement options available and seeks approval of the recommended route, along with a recommendation to appoint a contractor (Kier Construction Limited) from the YORbuild3 Medium Works framework, via direct call off and enter into a Pre-Construction Services Agreement (PCSA) to complete the design of the Kirklands Autism Project in Yeadon, to the conclusion of RIBA Stage 4. The estimated cost of the PCSA is anticipated between £120,000 and £150,000.

Following the completion of the Stage 4 design, Kier Construction Limited will submit a tender price for developing the scheme. The Council will then enter into a Construction contract subject to agreeing commercially acceptable terms. The contract award for the construction phase will be subject to a separate report due to be submitted early 2023. It is anticipated that construction costs, including fees and offsite works, will be in the region of £6m.

Approval was given to use the former Kirkland House site in Yeadon by Executive Board in February 2022, and to progress the scheme to design freeze and planning submission. Further approval was given in June 2022 to procure a contractor to construct the scheme.

Recommendations

The Director of Adults and Health is requested to

- a) Approve the Procurement Strategy enabling the appointment of Kier Construction Limited using the YORbuild3 Medium Works framework Lot 1 through a direct award procedure and enter into a PCSA to complete the RIBA Stage 4 design for the Kirkland Autism Project. The

estimated value of the PCSA is between £120,000 and £150,000 and will be developed once the procurement strategy is approved. The proposed PCSA is anticipated to commence November 2022 and end February 2023.

- b) Note that a further Design and Cost Report will follow in early 2023 to seek Director approval to award a Construction contract and incur costs related to it currently estimated at £6m. The Design and Cost Report will form a Key Decision and will therefore be subject to call-in procedure.

What is this report about?

- 1 The purpose of this report is to seek approval to enter into a PCSA with Kier Construction Limited to complete the RIBA Stage 4 design for a high quality, six dwelling medium-term stay, development with staff facilities, for adults with severe learning disabilities and severe autism who display behaviours which challenge the service. The facility will be built on the site of the former Kirkland House care home on Queensway, Yeadon in north-west Leeds.
- 2 The anticipated cost of the PCSA is between £120,000 and £150,000. This will cover overheads and profits, and concept design costs. The direct appointment of Kier Construction Limited facilitates early engagement and will enable the Council to develop the scheme in partnership, ensuring that the building is robust and buildable, whilst enabling the contractor to introduce innovation and reduce outturn costs where agreeable.
- 3 Kier Construction Limited have experience in working on similarly complex projects for the Council which they have delivered successfully with positive outcomes. Kier has considerable residential and secure estate knowledge which will be used to inform the design development.

What impact will this proposal have?

- 4 There is currently no provision in Leeds to accommodate those individuals who are in the Transforming Care Programme (TCP) and have the most complex needs in relation to their severe learning disabilities, severe autism and who display behaviours which severely challenge services.
- 5 Leeds needs this community residential scheme to enable patients to be discharged back into their community setting and to meet the aspirations of the National Service Model for this group set out in "Building the Right Support". The scheme also supports the aims of the Best Council Plan in relation to Housing and Health & Wellbeing.
- 6 The proposed homes will help to prevent future hospital admissions and Leeds residents from being placed in residential institutions, out of area and away from their families and communities.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 7 The proposed scheme directly contributes to one of the Best Council Plan 2020-25 outcomes of enabling disabled residents to remain active and independent.

What consultation and engagement has taken place?

Wards affected: Guiseley and Rawdon

Have ward members been consulted? Yes No

- 8 Regular briefings on the proposed scheme have been provided to the Executive Member for Health, Wellbeing & Adults and to the local ward members who are fully supportive of the scheme.
- 9 The social workers working with the TCP cohort of people, have been consulted extensively ensuring effective co-production to ensure the proposed environment will meet individual needs.

What are the resource implications?

- 10 The scheme's construction costs are currently estimated at £6m based upon today's volatile market and material costs. However, it is expected that this scheme will be funded using the Invest to Save programme, as long term, the cost of borrowing for the new development will be considerably less than what is currently being expended by out of authority care, which will deliver ongoing financial benefits to the Council and the wider Integrated Care System. Kier will develop the prices for the scheme using the YORbuild3 framework rates and further developing prices through market testing on an open book basis with NPS. This will ensure that value for money is achieved for the Council.
- 11 The current revenue cost of care provision for the potential users of this service is very high. These costs for users over the age of 18 will be met through the adults Integrated Oversight Budget. As the registration will allow for individuals over 16, the Children's and Families budget will fund any people under 18 years of age. Individual care packages, be it through out of area residential or in-patient care, can range from £300,000 to £900,000 per person, per year.
- 12 An outline Revenue Business Case shared and agreed with West Yorkshire Integrated Care Board (Leeds Place) indicates that the Integrated Oversight Budget will save between £300,000 and £650,000 per annum across all six individuals who will live in the service. This is after the annual debt repayment has been factored in.
- 13 A bid is being made for a capital grant with an anticipated value of £1,000,000 from the NHS England TCP capital programme. If successful, this will cover the costs of one highly specialised and robust home, which is intended to be a long-term home for an identified individual who is currently in a secure hospital setting and presents extreme behavioural challenges. This bid has been encouraged to go ahead by the NHS England Housing Senior Manager of the Learning Disabilities and Autism Programme, who has taken the principle of the development of the residential care home to the national programme board, and giving a briefing for the Regional Chief Nurse to assure her that the proposed discharge plan is the least restrictive option for this individual.
- 14 A market analysis exercise was undertaken in July 2022 by the Council's Procurement and Commercial Services (PACS) to gauge the market appetite for tendering the scheme in a mini-competition through the YORbuild3 Medium Works framework Lot 1. The current market reluctance for bidders to participate in competitive tenders was evidenced by the fact that only three of the 12 contractors appointed on the framework expressed an interest in tendering for this scheme.
- 15 Following the market analysis exercise, it was noted that should the Council proceed down the mini-competition route, there would be a high risk of not receiving a compliant bid for the project. Recent large value schemes have proceeded down the direct call-off route following

unsatisfactory outcomes to competitive tenders and have been delivered successfully on time and on, or under budget.

- 16 Given the current market conditions in the construction industry, coupled with the complex specialist nature of the required outputs, the Project Team and Procurement and Commercial Services Advisors are of the view that a direct call off and subsequent appointment through the YORbuild3 Medium Works framework Lot 1 would be the most appropriate route to ensure the successful and timely delivery of this scheme, with the benefit of early contractor involvement. This approach has proven successful on other recent procurements and supports the need to have early engagement with a contractor on the designs, due to the specialist nature of the scheme.

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

- 17 The project is to be delivered by City Development's Projects and Programmes team in collaboration with the Commissioning team in Adults & Health through a structured project management approach. This involves the use of a risk and opportunity register as a tool for managing identified risks in terms of their proximity and impact including costs.
- 18 Once identified risks are accepted, reduced or managed by the implementation of counter measures designed to mitigate against the risk and its potential impact. Members of the Kirklands Autism Project Board and Project Team are assigned responsibility for each identified risk. The Project Board includes representatives from Adults & Health Commissioning, Corporate Finance, PACS and West Yorkshire Integrated Care Board (Leeds Place). The board feeds into the wider Asset Management Board in Adults & Health, in which further checks, balances and support can be provided.

What are the legal implications?

- 19 As a subsequent decision to the Key Decision in June 2022 which gave approval to procure a contractor to construct the scheme, this report is a Significant Operational Decision which is not subject to call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 20 The direct appointment of Kier Construction Limited through the YORbuild3 Medium Works framework Lot 1 is a compliant procurement route in line with the Council's Contracts Procedure Rule (CPR) 3.1.6 as there is no internal service provider or exclusive supplier contract for the delivery of the works. A direct award, as opposed to a mini competition, is also permitted under the YORbuild3 Medium Works framework Lot 1. The YORbuild3 Medium Works framework Lot 1 is a compliant Find a Tender (FTS) framework that is part of the YORhub suite of framework agreements, which is endorsed by CPR 3.1.6. Suppliers appointed to the framework have already been assessed through a FTS compliant competitive tendering exercise and have been deemed best value. They have also already had their technical capacity and ability evaluated. In making their final decision, the decision maker should note the above comments and be satisfied that the course of action chosen represents best value for the Council.
- 21 At the end of RIBA Stage 4, Kier Construction Limited will tender a price to build the scheme together with the contractor's design. Subject to the acceptance of the Stage Two tender submission, a Design and Cost report will be submitted enabling the Council to enter into a construction contract with an estimated value of £6m. The approval of the Design and Cost Report will be a Key Decision and subject to call-in.

Options, timescales and measuring success

What other options were considered?

- 22 A traditional competitive procurement process was originally considered, and a market analysis exercise was carried out in July 2022 by PACS. The 12 contractors on Lot 1 of the YORbuild3 Medium Works framework were contacted, however only three contractors expressed interest in tendering for the work. As a result, it was considered that there was a high risk of receiving non-compliant tenders or a very low tender response, if any, were the Council to run a mini-competition exercise through the framework.
- 23 Following further discussions with the Category Manager (Construction) in PACS and for the reasons referred to earlier in this report, it is proposed to appoint Kier Construction Limited (as next on rotation) from the YORbuild3 Medium Works framework Lot 1 through the direct award process, as permitted under the framework. Kier Construction Limited have experience of working on similar projects for the Council with positive and successful outcomes.
- 24 Furthermore, the direct award approach has proved successful in other recent construction projects recently developed by the Council, that have received both positive results and feedback and won regional awards. This approach supports the positive requirement to have early engagement with a contractor on the designs due to the specialist nature of the scheme and allows the Council to transfer a significant amount of construction related risks over to the contractor.

How will success be measured?

- 25 The scheme would give Leeds its first homes in the city to accommodate individuals with severe learning disabilities and autism who display behaviours which challenge, with the most complex needs in the Transforming Care Programme cohort.

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

- 26 The proposed PCSA is anticipated to commence November 2022 and end February 2023.
- 27 Following the completion of the PCSA and RIBA Stage 4 at the end of February 2023, a tender price for the construction of the works will be finalised. Subject to a satisfactory Stage Two tender submission, it is anticipated that the Council will then enter into a construction contract with a start on site in the spring of 2023 with completion by late 2023/early 2024
- 28 The project is being delivered by the Projects and Programmes Team within City Development in collaboration with key staff from Adults and Health, and the procurement process will be implemented the Procurement and Commercial Services (PACS) within Communities, Environment and Housing.

Appendices

- Equality Assessment

Background papers

- [Kirkland House – Approval to Develop – DDN – February 2022](#)
- [Kirkland House – Approval to Procure - DDN - June 2022](#)