

Tender evaluation report seeking to award the contract for the provision of Asbestos Surveys to Council Housing stock

Date: 21st March 2023

Report of: Head of Property Management

Report to: Director of Communities, Housing & Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Appendix 1 Tender Analysis Report under access to information rule 10.4.3

Brief summary

This report addresses the tender evaluation process and seeks approval to award a contract to McHale Contracts and Plant Environmental LLP t/a MCP Environmental to carry out a range of asbestos surveys in accordance with HSG264 including bulk sampling, management, and refurbishment surveys in void and occupied properties citywide.

The proposed contract will be effective from 24 April 2023 for a period of 3 years with the option to extend for a further 12 months. The proposed contract value is circa £1.5m over this total period.

This report demonstrates the process undertaken and results from a recent procurement exercise utilising the Efficiency North framework and seeks approval to award a contract to McHale Contracts and Plant Environmental LLP t/a MCP Environmental.

Recommendations

The Director of Communities, Housing & Environments is requested to:

- a) Approve the award of a contract to McHale Contracts and Plant Environmental LLP t/a MCP Environmental in the value of £1.5m (approximately £375,000 per annum) exclusive of VAT for a contract period of 3 years with the option to extend for a further 12 months on 24 April 2023 to deliver services associated with asbestos surveys citywide
- b) Recognise that Appendix 1 – tender Analysis Report should be designated exempt from publication in accordance with information procedure rule 10.4(3).

What is this report about?

- 1 This report provides details of the tender evaluation process and seeks approval from the Director of Communities, Housing and Environment to award a contract to McHale Contracts and Plant Environmental LLP t/a MCP Environmental for delivery of asbestos surveying services citywide to Council housing stock.
- 2 This is a Significant Operational Decision as a direct consequence of a Key Decision ref D55693. The Authority to Procure decision was taken on 19 October 2022 giving approval to procure a contractor utilising a competitive tender procedure inviting specialist asbestos surveying contractors from the compliant external third party framework, Efficiency North Asbestos and Demolition framework - Lot 1 Asbestos Surveying.
- 3 An open, transparent tender process has been undertaken. Ten contractors who expressed interest via the Efficiency North framework were invited to tender through the YORtender portal. Five bids were received from Armstrong York Asbestos Environmental Ltd, Environmental Essentials Ltd, McHale Contracts and Plant Environmental LLP t/a MCP Environmental (MCP), Pennington Choices Ltd and The Testing Lab PLC prior to the tender deadline. Their submissions were evaluated as outlined in the tender documentation. McHale Contracts and Plant Environmental LLP t/a MCP Environmental has been identified as the successful organisation on conclusion of the tender process.
- 4 The tender submissions were assessed on a quality/price separated approach with a quality threshold of 60% required to then be evaluated on price. The evaluation team comprised of officers from Housing Leeds Asbestos Team (HLAT), Commercial Quantity Surveyor (QS) from Communities, Housing and Environment and Social Value Team from Procurement and Commercial Services (PACS).
- 5 Following the completion of the quality evaluation as listed in the summary below, Contractor D and Contractor E were eliminated due to not meeting the required quality threshold of 600 points and were therefore not evaluated on price.

Tenderer	Quality Points (Total 1000)	Rank
McHale Contracts and Plant Environmental LLP t/a MCP Environmental	890 Passed	1
Contractor B	630 Passed	2
Contractor C	710 Passed	3
Contractor D	260 Failed	Did not pass quality threshold
Contractor E	550 Failed	Did not pass quality threshold

- 6 The Quantity Surveyor from the Commercial team then evaluated the remaining three pricing tenders with McHale Contracts and Plant Environmental LLP t/a MCP Environmental scoring the maximum as they had the cheapest price and submitted a fully compliant bid. Contractor B who was 41% more expensive and Contractor C who was 61% more expensive received the lowest mark.
- 7 It should be noted that the price submitted by McHale Contracts and Plant Environmental LLP t/a MCP as with other prices is used for competition purposes by all tenderers pricing the same schedule of rates. The proposed contract is not awarded in that sum, however the anticipated annual expenditure for this provision is expected to be approximately £375,000 per annum therefore orders will be placed using the rates as tendered within the schedule of rates used in the competition process
- 8 The table below shows a summary of the price evaluation scores:

Tenderer	Price	Rank
McHale Contracts & Plant Environmental LLP t/a MCP Environmental	£143,958.62	1
Contractor B	£203,420.00	2
Contractor C	£232,570.00	3

- 9 Initially it was proposed appointing two contractors on 50/50 split, however following the tender evaluation the Council are of the view that it is not cost effective to award a contract to any other contractor, given the large % increase in prices.
- 10 The tender documents noted the Council's intention to appoint two contractors on the proposed split outlined above, however did not mandate that the Council must appoint two contractors. The prices submitted by the other bidders were not affordable and would not deliver value for money for the Council, and as a result of this the Council is choosing to exercise its discretion to only award to one contractor.
- 11 The project team in Housing Leeds Asbestos Team (HLAT) acknowledged the disparity of scoring between the first, second and third placed bidders. This was reviewed as part of the evaluation process and the recommendation to appoint one contractor is based on the following considerations:
- a. All three tenderers have exceeded the minimum quality threshold put in place as part of the tender process and therefore were eligible to continue in the process in accordance with published tender documentation
 - b. The need to deliver significant cost savings to ensure we can continue to provide the right services to our residents given the current financial challenges
 - c. Commitment to Spending Money Wisely to help improve processes and service delivery, and it is vital we can demonstrate that the Council is effective in being able to evidence and achieve best value for money in our procurement practices
 - d. In addition, the rates submitted by the lowest priced tenderer have been benchmarked against the pre tender estimate and current and historic 'industry' rates and are deemed to be within acceptable parameters for work of this nature
 - e. The proposed contractor for award has delivered works of this nature in both a proactive, successful and cost effective manner for the Council in recent years.
- 12 On this basis, the Project team in Asbestos and the Commercial QS, supported by the Procurement Team recommend the appointment of McHale Contracts and Plant Environmental LLP t/a MCP Environmental.

What impact will this proposal have?

- 13 Asbestos surveys are required for all potential repairs/refurbishment works activities within domestic and non-domestic properties citywide such as Commercial Asset Management (CAMs), shops and other Council buildings.

- 14 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment has been undertaken for this scheme and included as part of the Authority to Procure report. There are not expected to be any negative impacts in relation to the service provision.
- 15 Awarding this contract will ensure continuation of essential service and contribute to the city's and council's ambition in terms of delivering quality outcomes to local communities, social values and positive environmental effects.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 16 This proposal supports all the Council's three key pillars. In terms of inclusive growth this provision will provide services to the whole city and ensure that the most deprived areas of Leeds benefit from regeneration and improvement work to their properties.
- 17 Social Value was evaluated as part of the requirement for this provision and the contractors have made commitments deliver on selected national Themes, Outcomes and Measures (TOMs) during the contract. The selected TOMs include the contractors commitment to Equality and Diversity, local employment, creating a healthier community, improving wellbeing and sustainability. These will be monitored throughout the contract by the Council with support from the Social Value Engine (SVE).
- 18 This proposal will also help with the health and wellbeing of residents in Leeds by mitigating, managing, and eliminating risks of harmful material in properties.

What consultation and engagement has taken place?

Wards affected: All Leeds City Council wards

Have ward members been consulted? Yes No

- 19 Consultation and engagement with Communities, Housing and Environment Procurement team, Housing Leeds Asbestos Team (HLAT) have taken place when developing the procurement strategy as well as assessing the availability of tendering options.
- 20 The Commercial QS team in Communities, Housing and Environment have been consulted when developing the Contract Data and pricing documents prior to the tender being issued and as part of the price evaluation of bids received.
- 21 Leeds Building Services (LBS) have been consulted and the Head of Service advised that they do not have capacity to undertake the surveys in tenanted properties and was not deemed to be viable due to the unpredictable nature of the frequency of works.
- 22 Procurement and Commercial Services (PACS) legal team have been engaged regarding the suitability of the external framework proposed for use and have confirmed that Efficiency North Lot 1 Asbestos Surveys is considered to be an 'approved framework' and therefore a compliant procurement route.

What are the resource implications?

- 23 The tender received from McHale Contracts and Plant Environmental LLP t/a MCP Environmental to the value of £143,958.62 against a schedule of rates for competition purposes

only is within the allocated budget. In making the final decision, the decision maker should be satisfied that this contract represents best value for the Council.

- 24 As outlined in point 9 and 10 above the implication of appointing a second contractor to deliver the contract on the proposed split would not deliver value for money to Council.
- 25 The contract will be managed by the Housing Leeds Asbestos Team and a contract management plan will be developed in line with Contract Procedure Rule 3.1.17.

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

- 26 At present the council only has one external contracted organisation delivering these works and the contract expires on 31st March 2023. If this is not renewed, then the Council will only have LBS to cover Leeds for all aspects of Asbestos Surveying. The internal service provider LBS do not have the capacity to cover all the Asbestos surveying work.
- 27 Appointing a single contractor potentially exposes the Council to an element of risk in terms of contractor insolvency and capacity to complete the required level of works. However, the risk is deemed relatively low due to the McHale Contracts and Plant Environmental LLP t/a MCP Environmental track record of providing this service in the past and regular due diligence reviews during the contract checks.
- 28 Prior to award a vetting process has been undertaken in relation to financial standing, insurance, Health and Safety, relevant qualifications, licences and safeguarding to ensure the contractor is financially stable and capable to deliver the contract to a high standard.
- 29 As this is a term contract the TUPE workforce process has been followed as a contractor to contractor aspect, however as the proposed contractor for award is also the current incumbent provider then this is not a matter that is applicable at the contract commencement date.
- 30 A risk register for the project is in place and will continue to be managed to monitor, mitigate, and identify any new risks as they arise. Once a contractor is in place the council through the contract manager in the HLAT will work with them to review risks regularly.
- 31 Another notable key risk is Over budget – the risk of the project exceeding the allocated budget has been managed by the production of robust costings taking in to account the current market conditions.

What are the legal implications?

- 32 The provision of an Asbestos service (surveys) is required to comply with the Health and Safety at Work, etc. Act 1974 and the Control of Asbestos Regulations 2012.
- 33 The decision set out in this report is a Significant Operational Decision and is not subject to Call-in and flows from the original Key Decision as referred to in point 2. Except for the Tender Analysis Report (Appendix 1) which is to be kept confidential, there are no other grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 34 Appendix 1 information of this report has been identified as exempt/confidential under the Access to Information rule 10.4(3) because the public interest in maintaining the exemption outweighs the public interest in disclosing the information and financial details which, could adversely affect the business of the Council and the business affairs of a number of individual other companies

35 The procurement has been undertaken in line with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015, as relevant. The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents and following an evaluation process, McHale Contracts and Plant Environmental LLP t/a MCP Environmental have been identified as the proposed successful contractor.

36 This contract is services driven so is above the Find a Tender Service (FTS) threshold and the procurement via the use of Efficiency North Framework is fully FTS compliant. The original procurement of the Efficiency North Framework was undertaken on a competitive basis in line with the Public Contracts Regulations 2015 and awarding a call off contract to McHale Contracts and Plant Environmental LLP t/a MCP Environmental under the Efficiency North Framework is fully compliant with those regulations.

37 A 10 day standstill period has been carried out in accordance with the regulations to allow unsuccessful tenderers to request further feedback if required. This has been observed and expired on 20th March 2023 with no issues raised.

Options, timescales and measuring success

What other options were considered?

38 Other options for this scheme were considered as part of the Authority to Procure report and the approach applied to use Efficiency North was deemed to be the preferred procurement option.

How will success be measured?

39 A contract management plan and the Contract Management Module on YORtender will be used throughout the duration of the contract to provide structure and opportunity for feedback. SMART based KPI tools to be used to monitor the performance of the contract and ensure service is being delivered in line with Council expectations in respect of VfM, sustainability and service delivery improvement.

40 The Social Value Engine will be used by the Council and the contractor to measure and monitor the impact of the additional social value measures implemented on this contract.

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

41 It is critical that the contract is in place to ensure continuation of the service provision therefore early formation of this contract is essential so that it can be implemented by 24 April 2023.

Contract Award	April 2023
Contract Commencement	24th April 2023
Contract Completion	23 rd April 2026

Appendices

- Appendix 1 – Tender Analysis Report (Confidential)

Background papers

- None