

Tender Evaluation Contract Award report for contractors to support Leeds Building Services' delivery of External and Internal Communal Painting, including Prior to Painting Repair Works, to Housing Properties

Date: 22nd May 2023

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

Brief Summary

- Leeds Building Services (LBS) currently deliver external painting works (including internal communal painting and prior to paint repair works) to housing properties located throughout the city of Leeds.
- To support LBS with the continued delivery of these works, this report seeks approval to award contracts to 2 external contractors.
- This report demonstrates the procurement process undertaken and the evaluation results from a tender exercise, via the use of a complaint framework provider Efficiency North, and seeks approval to award contracts to suitably skilled and experienced painting and decorating specialists to support LBS.

Recommendations

- a) The Chief Officer Civic Enterprise Leeds is recommended to note the contents of this report and approve the award of contracts to Alfred Bagnall & Sons (East Midlands) Limited and Mitie Property Services (UK) Limited to conduct external painting works for the period 19th June 2023 to 18th June 2025, with the option to extend for up to 24 months, with an estimated total expenditure of £3,120,000 over the full 4-year term.

What is this report about?

- 1 The purpose of this report is to document the procurement process undertaken and tender evaluation results and to seek approval to award contracts to the identified contractors that will undertake external and internal communal painting works (including prior to paint repair works) programme on the Council's housing stock located throughout the city.
- 2 LBS do not currently have sufficient capacity as an internal resource to deliver all of these works directly, therefore they require external contractor support to meet the requirements of the commissioning service, Housing Leeds. The scheme and contractors will be managed by LBS within and as part of their overall programme of works.
- 3 The authority to procure report as required under CPR 3.1.7 in order to invite external competition was approved on the 21st November 2022, with an effective date of decision from 29th November 2022. The authority to procure report considered appropriate procurement options and approved the use of inviting contractors listed on the Efficiency North Installation and Repairs framework to tender. It also acted as the Key Decision under the Council's Constitution. Please see link to that report in para 31.
- 4 An expression of interest was issued, and 7 contractors responded positively to it and were subsequently invited to tender on the 10th February 2023. The tender closed on the 15th March 2023 and we received 4 tender responses.
- 5 The 4 tenders were evaluated using a quality/price separated approach, and upon conclusion of the quality assessment, only tenderers who had achieved the minimum quality thresholds outlined within the tender documentation were assessed further regards their tendered price.
- 6 Following conclusion of the quality assessment, only 1 tenderer failed to pass the minimum thresholds and didn't move forward to the pricing evaluation. The other 3 tenderers all passed the minimum thresholds and were then evaluated 100% on price.
- 7 The results of the evaluation are as follows:

Tenderer	Quality Score	Price Score (points)	Result Rank
Mitie Property Services (UK) Ltd	PASS	1000	1
Alfred Bagnalls & Sons (East Midlands) Ltd	PASS	916.87	2
Wharfedale Decorations Ltd	PASS	528.31	3
Bell Decorating Group Limited	FAIL	NOT SCORED	N/A

- 8 The contractors that are recommended for the contract award are Alfred Bagnall & Sons (East Midlands) Limited and Mitie Property Services (UK) Limited. Each contractor will receive up to 50% of the value of works. Although the Strategy report made reference to award to up to 3 contractors, the prices of the 3rd ranked contractor are not felt to be affordable.

What impact will this proposal have?

- 9 There are no significant impacts to the affected wards anticipated.
- 10 An Equality, Diversity, Cohesion, and Integration impact assessment was undertaken for this scheme and there are not expected to be any negative impacts in relation to the planned works.
- 11 Social Value has been included as part of the tender process and the responses have been evaluated and reported on by LBS.

12 LBS and the Social Value team within Procurement and Commercial Services will monitor the outcomes returned by each contractor and report on the outcomes on a quarterly basis.

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

- Health and Wellbeing Inclusive Growth Zero Carbon

13 The scheme will support the council's ambition to be a compassionate and caring city that tackles poverty and reduces inequality. It will do this by ensuring that tenants, many of them vulnerable members of the community, are able to live in safe, accessible, and well-maintained homes.

What consultation and engagement has taken place?

Wards affected: None		
Have ward members been consulted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

14 Consultation and engagement with Council stakeholders has taken place when developing the procurement work stream as well as assessing the tenders when they were returned. This has involved Procurement and Commercial Services (PACS) and Leeds Building Services. When necessary, legal advice has been sought from the PACS Commercial Team.

15 Leaseholder consultation concluded on the 31st May 2023 in line with legislation to ensure all associated recharges can be made.

16 The Chief Officer, Civic Enterprise Leeds has been consulted throughout the development and implementation procurement strategy which includes this proposed contract.

What are the resource implications?

17 The contractors selected have specialist skills, technical expertise and knowledge that will ensure all works are delivered in accordance with our requirements and with regards to Health and Safety and Environmental consideration. LBS will manage this contract on site.

18 The successful contractors are required to provide the full service at the agreed tender price with clear costs and ways of working laid out from the tender process.

19 This contract will be managed by LBS, using a Contract Management Plan which will include performance reporting processes and how payments will be made.

20 The funding from this scheme comes from the Housing Revenue Account (HRA).

21 This report seeks approval for LBS to award contracts to 2 contractors to deliver up to £3,120,000 of painting works (over 4 years) to the Council's housing stock.

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

22 Key areas to monitor and potential areas of risk are:

- a) 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.
- b) The Contract Manager from LBS will ensure that regular contract meetings take place throughout the duration of the contract, and they will monitor Performance Measures/KPI's 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.

- c) Budgets will be monitored regularly to ensure that contractors are on track with expected levels of spend.
- d) There is a risk that the contractor's financial position may be subject to change during the life of the contract. Financial checks and due diligence has already taken place and the proposed contractors are confirmed financially stable prior to contract award. 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.

What are the legal implications?

- 23 This is a Significant Operational Decision as a direct consequence of the original Authority to Procure (Key Decision) taken on the 21st November 2022 ref D55800, 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.
- 24 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.
- 25 In making their final decision, the Chief Officer Civic Enterprise Leeds should note the above comments and be satisfied that the course of action chosen represents best value for the Council.

Options, timescales and measuring success

What other options were considered?

- 26 An alternative would be to deliver this service with 100% LBS operatives however LBS do not have the internal capacity to meet the demand, therefore require external contractor support. It is considered that this mixed approach of delivering works using both contractors and in-house provision provides best value and delivers efficiencies, while ensuring that the advertised works are attractive to local business and SME's, in turn supporting the local economy.

How will success be measured?

- 27 Key Performance Indicators have been applied to this contract and will be monitored by the LBS service manager throughout its life. The KPIS include
 - Completion of Works within agreed Target Time and Cost
 - Right first time/Quality
 - Complaints
 - System Administration

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

- 28 This contract is anticipated to commence 19th June 2023 for an initial period of 2 years with the option to extend for a further 2 x 12 months periods, subject to satisfactory performance and mutual agreement.
- 29 This decision will be implemented by the LBS planned works team.

Appendices

Background papers

31 Authority to Procure: <https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=55800>