

## **Appointment of a contractor to support the Council Housing Growth acquisitions programme**

Date: 16<sup>th</sup> August 2023

Report of: Council Housing Growth Team / Property Acquisitions Programme

Report to: Director of City Development

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### **Brief summary**

This report seeks approval to award a contract from Lot 8 of the Fusion21 Improvements Framework to undertake void works on properties acquired as part of the acquisitions programme for housing vulnerable groups in urgent need of accommodation.

The estimated scheme expenditure of £1.2m for 2023 / 24. The contract will be 12 months with the option to extend by one period of 12 months.

### **Recommendations**

The Director of City Development is requested to:

- a) Approve the appointment of CLC Contractors Limited to undertake void works for the acquisitions programme.
- b) Approve scheme expenditure of £1.2m for 2023 / 24, and £500,000 for 2024 / 25 (year 2 option) funded from the Council Housing Growth Programme.
- c) Note that the 12-month contract extension option shall be requested via approval as a Significant Operational Decision under the Director of City Development's scheme of delegation.

### **What is this report about?**

- 1 The Council Housing Growth acquisitions programme is projecting to acquire a total of 80 units with the majority being allocated to vulnerable groups in urgent need of accommodation across the city. All acquired properties shall require works undertaking to the Leeds Letting Standard; plus, full decoration and floor covering package where required. Projected works are due to commence in September 2023 and be completed by September 2024.

- 2 Works are urgently required to support the successful delivery of high-cost voids and priority DLUHC and Homes England grant funded schemes as set out below:
  - a) **Local Authority Housing Fund scheme 41 family homes:** DLUHC (part) grant funded  
Round 1: 30 homes delivered (contracts exchanged) no later than 29th November 2023.  
Round 2: 11 homes delivered (contracts exchanged) no later than 31<sup>st</sup> March 2024.
  - b) **Rough Sleepers Accommodation Programme:** Homes England (part) grant funded  
Round 5: 8 homes delivered no later than March 31<sup>st</sup>, 2024.
  - c) **Council Right of First Refusal / Buy-Backs**  
c30nr homes delivered (contracts exchanged) no later than 31st March 2024.
  - d) **Conversion**  
Former children's centre to be converted into a large bespoke adapted family house by Q4 2023/24.
- 3 Currently, all acquisitions void works are undertaken by the Council's Internal Service Providers Property Management and Leeds Building Services (LBS). However, Property Management and LBS are not currently able to fully support the additional projected acquisitions work in the short to medium term.
- 4 Due to the tight timescales required by the Programme (see section 2), a competitive tender is not suitable for this procurement. Therefore, this report seeks approval to award a contract to CLC Contractors Limited from Lot 8 of the Fusion21 Improvements Framework to deliver acquisition void works throughout 2023-24 to the estimated value of £1.2m. There will be an option to extend the contract for one period of 12 months. This will ensure that the Acquisitions Programme is sufficiently contractor resourced to carry out the required works within strict and funding deadlines.
- 5 Two frameworks were considered for the direct award including the PfH framework which had previously been considered by Property Management. However, this framework was disregarded for the direct award procedure as the first ranked contractor was unable to deliver these works on an ad hoc basis and would require ongoing prelim costs which would be unacceptable to the Council.
- 6 In June 2023, all eight contractors on Lot 8 of the Fusion21 Improvements framework were invited to participate. Of the four contractors who expressed an interest, CLC Contractors Limited submitted the most competitive rates and was identified as the supplier with a local base, experience, and resources available to undertake the type of volume of work within timescales.

### **What impact will this proposal have?**

- 7 Approval of this procurement will add significant value to residents across the city by providing much needed additional accommodation for families and rough sleepers.
- 8 Additional contractor capacity shall increase the success rate with delivering homes. Specifically servicing higher cost void work and those that must be delivered to strict government deadlines; namely, the Rough Sleepers Accommodation Programme and Local Authority Housing Fund schemes.
- 9 Appointment of the selected contractor provides new and additional capacity, therefore, shall not affect existing service delivery provided by Property Management & LBS.

10 An Equality Diversity Cohesion and Integration (ECDI) screening has been carried out for these works and is published alongside this Key Decision. It is considered that the proposals have only a positive impact in terms EDCI, reference Appendix A.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

11 This work is strongly aligned to all three pillars at the centre of the Council's Best City Ambition and will:

- Support communities and tackle fuel poverty, improve housing quality and standards.
- Promote sustainable and inclusive economic growth.

12 Investment in these works and the resulting activity contributes to the Council's 3 Key Pillars as follows:

- The programme will improve the living environment of vulnerable residents which will help towards our Health and Wellbeing target of reducing health inequalities by improving the health and wellbeing of our tenants.
- The skills programmes, apprenticeships and employment support provided through the Council's Social Value programme will help our inclusive Growth target of supporting businesses and residents to improve skills, helping them into work and into better jobs.
- As part of the technical inspection of each acquisition, the council determines whether additional measures can and should be implemented to improve the energy performance (SAP rating). This would be with a view to making the properties more energy efficient and less expensive to heat, positively contributing to fuel poverty and reducing carbon output.

### What consultation and engagement has taken place?

Wards affected: City wide

Have ward members been consulted?

Yes

No

13 The Council Housing Growth Programme has an established process for consulting and engaging with key stakeholders in relation to acquisitions delivered under the programme. As such, the CHGP has engaged with the relevant elected members and programme briefings have been provided to the Executive Member for Housing all who have been fully supportive of the scheme.

14 Housing & Property Management, LBS, Procurement and Commercial Services have been consulted and are supportive.

15 Local Ward Members are updated on any acquisitions in their ward areas, as they progress.

16 Regular updates on progress across the whole programme are provided to the Council Housing Growth Programme Board.

### What are the resource implications?

17 The procurement is to award from an LCC approved framework which is compliant with Public Contract Regulations 2015. CLC Contractors Limited have had to submit competitive pricing to be accepted on to Lot 8 of the framework, ensuring that the Council obtains the best value for money.

- 18 Full Council approved an injection of £90.9m into the Council Housing Growth Programme on 27th February 2019. Re-alignment of Housing Growth Capital Programme in Jan 2023 has now moved / combined the use of Off the Shelf with Right of First Refusals budgets to enable the acquisitions programme to deliver acquisition committed / projections.
- 19 As of August 2023, c£22.5m budget remains to fund property acquisitions and the required works. Funding shall continue to include use of right to buy receipts where possible and approved commuted sums where required. Approved DLUHC and Homes England grant funding shall be used to part fund RSAP and LAHF schemes.
- 20 An established & experienced acquisitions team, supported by colleagues in Land & Property (valuations), Legal services (conveyancing) and finance support the programme.

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

- 21 Delivery of the proposals set out in this report will contribute to mitigating one of the Council's corporate risks around the failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.
- 22 Initial assessed work costs are largely provided following a non-intrusive property inspection with furniture and belongings in place. A works cost contingency is added to financial viability to take account of unforeseen works and the ensure payback period is acceptable.
- 23 Risk that the Council will not obtain value for money due to the lack of competition. Of the four contractors who expressed an interest, CLC Contractors Limited provided the most competitive rates. Rates have been reviewed by LCC commercial team and benchmarked against current work of a similar nature. Commercial team confirmation has been provided that rates are as expected and support award contract to CLC Contractors Limited.
- 24 With the current financial challenges across the construction sector, there is a risk of contractors being unable to fulfil contracts due to financial distress. To mitigate this risk, the contractor will undergo a financial vetting process prior to contract award to ensure they have the required financial standings.
- 25 Any acquisition(s) progressed which are delayed due to unforeseen circumstances and at risk of missing the funding milestone / deadline OR do not fully meet suitability criteria may be used as General Needs housing as part of the buy-back programme / budget.

### **What are the legal implications?**

- 26 The scheme expenditure of this procurement is estimated at £1.2m over the 12 months of the contract and the year 2 extension option is estimated at £500,000. Therefore, this is a Key Decision which is eligible for call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 27 The Fusion21 Improvements Framework is a Council approved framework and the award of this contract to CLC Contractors Limited through this framework is compliant with Public Contract Regulations 2015.
- 28 In making the final decision, the Director of City Development should note the above comments and be satisfied that the course of action chosen represents best value for money.

### **Options, timescales and measuring success**

#### **What other options were considered?**

29 Other procurement options were as follows:

- **Allocate the works to Property Management and Leeds Building Services as our Internal Service Providers** – Property Management and Leeds Building Services have confirmed that they currently do not have the resourcing capacity to carry out works of £1.2m in the short to medium term. Therefore, an external contractor is required to complete this work.
- **Appoint a contractor through a competitive procedure** – This option was discounted due to the tight timescales involved in delivering the void works.

### How will success be measured?

30 These works will directly contribute to the achievement of Key Performance Indicators which the Council will use to measure success including:

- a) Providing enough homes of a high standard to our residents.
- b) Supporting economic growth and access to economic opportunities, Employment and Skills and Social Value targets for contractors helps create training and employment opportunities in Leeds.
- c) CLC Contractors Limited will be required to complete a Social Value offer as part of this contract and provide required reporting KPI and data sets.
- d) Against relevant Housing Growth programme objectives and specific service plan priorities.

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

31 The estimated timetable for implementation is as follows:

Task/Milestone	Date
<b>Tender submission</b>	Late August/Early September 2023
Assessment and evaluation	Early September 2023
Contract awarded	Late September 2023
Contract start date	Late September 2023
Contract end date (excluding extensions)	September 2024

### Appendices

- Appendix A: Equality Diversity Cohesion and Integration (EDCI).

### Background papers

- None.