

Report seeking Authority to Procure and Authority to Award a new Contract in relation to Domestic Voids Backlog work

Date: November 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

Brief summary

- This report seeks approval to procure and award a new contract to undertake the Domestic Voids Backlog work to support the turnaround and reletting of housing stock.
- The arrangement is in addition to the responsive repairs and voids arrangements with both external and internal providers, to help support Housing Leeds to re-let domestic properties which have been left empty following termination of the previous tenancy.
- It is anticipated that support in delivering this work will be required for 12 months with the option to extend for a further 12 months, subject to mutual agreement based on performance and service demand.
- This will help with the health and well-being of tenants ensuring we have adequate good quality housing stock.

Recommendations

- a) The Director of Communities, Housing & Environment is recommended under Contract Procedure Rule 3.1.7 to directly award a new contract to City West Works Limited T/A Liberty Gas Group using the Procurement for Housing (PFH) Responsive Repairs and Voids Property Services, Lot 2 – Void Property Refurbishment framework. The contract is proposed to start 20th November 2023 for 12 months with the provision to extend for a further 12 months. The estimated expenditure for the initial 12 months would be £750,000.00 with the total value, including the 1 x 12 month extension being £1,500,000.

What is this report about?

- 1 The purpose of this report is to gain approval for both the procurement and the award of a new contract to undertake the Domestic voids Backlog work using a direct award call-off contract via the Procurement for Housing Framework in line with CPR 3.1.7.
- 2 Due to the backlog of domestic void properties, it is taking longer for the current contractors to do the works necessary and is impacting on the Key Performance Indicators (KPI).
- 3 As it is taking longer for the current contractors to deliver the works, this is increasing the turnaround time, so has an impact on the ability to re-let properties in a timely manner.
- 4 As a direct result of the increased timescales to undertake the work it has meant that there has been a decrease in the overall rental income being received by the Council due to not being able to re-let these properties.
- 5 The Council has identified City West Works Limited T/A Liberty Gas Group via the Procurement for Housing Framework to undertake this work on an initial 12-month period with the option to extend for a further 12 months should it be needed to help reduce the backlog. This will have a knock-on effect of being able to re-let properties quicker and increasing the rental income.
- 6 City West Works Limited T/A Liberty Gas Group have been identified for use via a direct call off from the Procurement for Housing framework - as part of discussions between the Council's voids operational team and procurement team and the PFH framework manager, City West Works Limited T/A Liberty Gas Group have confirmed to the Council that they have the infrastructure and resources in place in order to deliver the required capacity of voids turnarounds, to make a positive impact on any backlog.
- 7 A survey of the property is completed by the Council and a Schedule of Works issued for each property detailing the works to be undertaken by the Contractor.
- 8 The Contractor will undertake various tasks as part of the contract, including, but not limited to;
 - i. Undertake any works within the building both internal and external - as identified by Property Management on the Schedule of Works.
 - ii. Inspect & Test electrical installation and issue NICEIC Report.
 - iii. Clean and wash down the property before reletting.
 - iv. Conduct a separate final fix visit on the day new tenants move in.

What impact will this proposal have?

- 9 The proposal will have a positive impact by ensuring that the Council have more properties available to re-let to tenants in need and increase the rental income for the council, meet the demand for council housing within the city and reduce the impact on other services such as Leeds Housing Options.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 10 The use of City West Works Limited T/A Liberty Gas Group will ensure that the backlog of work within domestic void properties will decrease to a more manageable level.
- 11 This will ensure we will have more properties available to re-let to tenants in need and increase the rental income for the Council.

What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted? Yes No

- 12 The Construction & Housing Procurement team have been consulted throughout this procurement process, alongside Legal representatives from Procurement & Commercial Services.
- 13 Consultation with leaseholders is not required as there will be no cost implications.

What are the resource implications?

- 14 It is anticipated that the expenditure in relation to this contract will be in the region of £750,000 for an initial period of 12 months with the option to extend for a further 12 months.
- 15 It is proposed to directly award the contract to City West Works Limited T/A Liberty Gas Group via the Procurement for Housing Framework, as previously detailed.
- 16 The contract will be priced by the National Housing Federation V7.1 Schedule of Rates. The rates show value for money as these have been evaluated by Procurement for Housing recently as it is a new framework (circa August 2023). Additionally, to this, City West Works Limited T/A Liberty Gas Group are also offering a more beneficial rate for this contract in comparison to rates appointed to the framework, City West Works Limited T/A Liberty Gas Group have quoted an increase of 10% on the framework rates.

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

- 17 There is a risk if the Council did nothing in that there would be an increase in the timescales to undertake any works on domestic void properties resulting in a further decrease of available domestic housing stock and the consequential reduction of rental income to the Council.
- 18 The risk of poor-quality works and subsequently poor-quality void handovers. This has been mitigated by:
 - a) Continuing to offer incentive methods as part of the Key Performance Indicator framework.
 - b) Robust contract management, supported by implementation of a contract management plan alongside the KPI framework.

What are the legal implications?

- 19 The procurement process, award and proposed contract have been undertaken in line with the Council's Contract Procedure Rules (CPR) and Public Contract Regulations (PCR) 2015 to ensure fairness, transparency, and the achievement of value for money. It is noted however, that the estimated value of the contract award proposed (for the duration of the contract term), is below the UK Public Procurement threshold for works and as such is deemed a below threshold procurement for the purposes of the PCR 2015.
- 20 Consultation of CPR 3.1.5 has been given, as it is already stated within this report, that the purpose of the contract award to address the void property backlog work to support the turnaround and reletting of housing stock, inferring that the internal service provider requires additional resource to address the increased volume of void property repairs.

- 21 With reference to CPR 3.1.6, it is acknowledged that the YORhub suite of frameworks did not provide an appropriate solution for this particular works contract. The proposed provider, Procurement for Housing, are a pre-approved third-party framework for the purposes of CPR 12.3.2 and as such, CPR 12.1 and CPR 12.2 can be disregarded at this time.
- 22 Under the Procurement for Housing – Responsive Repairs and Void Property Services Framework Lot 2 a direct award to the registered supplier(s) is permitted.
- 23 The decision to make a direct award (via the Procurement for Housing – Responsive Repairs and Void Property Services Framework) Lot 2 to City West Works Limited T/A Liberty Gas Group for void property refurbishment is of high value. Therefore, this is considered a Key Decision that is eligible for call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 24 In accordance with CPR 14.1 there is no requirement to advertise this procurement, given it is a direct award via a compliant framework. However, it should be noted that once the contract is completed, the procedure to register all the contract details on the Council’s E-tendering system must be followed pursuant again to CPR 14.1.
- 25 The above comments should be noted. In making their final decision, the Director of Communities, Housing & Environment should 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 The Council’s Internal Service Provider and external contractors delivering this work are both operating to full capacity. Additional capacity is required to accelerate the reduction in void properties. Seeking alternative support will enable the Council to access a wider market of subcontractors managed by City West Works Limited T/A Liberty Gas Group.
- 27 A restricted tender process using Constructionline or similar to run a competition process was considered. This option was used in 2021 and did not yield the number of contactors we were looking for with many being appointed and then withdrawing so has been ruled out this time as it is felt that again with time and resources it was not the best use of time.
- 28 The Council are confident that by using the Procurement for Housing Framework and directly awarding the contract to City West Works Limited T/A Liberty Gas Group and from discussions about capacity and rates that this would be the most economically advantageous route as they are a large organisation who have demonstrated that they have capacity and resources to undertake and manage this work.

How will success be measured?

- 29 The contract will be delivered under the Procurement for Housing Framework and use of a robust contract management plan.
- 30 KPI’s will be in place which will be measured towards the success of the contract delivery.

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

- 31 The anticipated timetable is as follows:

Milestone	Date
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Governance	Early November 2023
Contract Award	Mid November 2023
Contract Start	Late November 2023
Contract End	November 2024

Appendices

- EDCI

Background papers

- N/A