

Authority to extend contract DN480073 for Asbestos Removal.

Date: 9th November 2023

Report of: Head of Property Management

Report to: Chief Officer Housing

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- This is to seek the approval of the Chief Officer Housing to extend the current contract DN480073 – Asbestos Removal for a further 12 months valued up to £2,300,000.00 in accordance with Contract Procedure Rule (CPR) 21.2
- The contract was originally procured and awarded in March 2021 to start 1st April 2021 for a period of 3 years with the option to extend for a further 12 months under the same terms and conditions.
- The proposed contract extension will start on the 1st April 2024 for a period of 12 months (1 x 12 months) concluding on the 31st March 2025.
- The award of the contract will contribute to the councils Best Council Plan in making sure that the homes are of a right quality, type, tenure and affordability.

Recommendations

- a) The Chief Officer Housing is requested to approve the extension to the current contract DN480073 as allowed under the contract, for an additional 12 months (1 x 12 months) for the period of 1st April 2024 to 31st March 2025 to the following:
 - Lot 1 – Leeds Building Services (LBS) will manage 1 contractor, McHale Contracts & Plant Environmental LLP (MCP) to undertake the unlicensed work where LBS do not have the capacity to undertake this works themselves and the licenced works which LBS are unable to complete. LBS will provide asbestos removal services which do not require a licence where they are able to do so. The value of this work is in the region of £2,000,000 per annum.

- Lot 2 – Housing Leeds will continue to manage 1 contractor, Rhodar Limited (Rhodar) to undertake all asbestos removal works arising from the housing capital programme. The value of this works is estimated to be in the region of £300,000 per annum.

b) The potential total costs of this proposed extension is approximately £2,300,000.00.

What is this report about?

- 1 This report is to seek to extend the current contract arrangements for Asbestos Removal.
- 2 The Council has a legal obligation to remove any asbestos from its buildings in poor condition or asbestos likely to be disturbed during construction or maintenance work.
- 3 All licensed removals has to be undertaken by an asbestos licensed company. LBS do not have the licence to carry this out, and therefore need a contractor who have the relevant licenses.
- 4 LBS can remove unlicensed asbestos, however with a limited number of operatives able to deliver this in-house, on occasions of high demand, there is the need to outsource unlicensed work.
- 5 A restricted tender process was carried out using the Efficiency North Framework in 2020 with three suppliers being awarded a contract each.
- 6 McHale Contracts & Plant Environmental LLP and Tolent Solutions Limited were awarded to lot 1 and Rhodar Limited were award to Lot 2.
- 7 Tolent Solutions Limited went into administration in February 2023, leaving Lot 1 with only 1 supplier. After consultation with both the service and remaining contractor, it was agreed to continue with just one outsourced supplier as they have the capacity to undertake the shortfall.

What impact will this proposal have?

- 8 The continuation of this contract will ensure both Housing Leeds & LBS can deliver on the need for Asbestos Removal.
- 9 This will ensure that both Housing Leeds & LBS will meet the demand within the city.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 10 The proposed contract extension will aid in the Best Council Plan in making sure the homes are of a right quality, type, tenure and affordability.
- 11 All stakeholders are aware of the critical need to reduce our impact on the planet as per the declaration of the Climate Emergency by the Council, therefore commitment from all suppliers in respect of this will be embedded into the contract extension.

What consultation and engagement has taken place?

Wards affected: n/a

Have ward members been consulted? Yes No

- 12 Housing Leeds – Asbestos Team & LBS have been consulted throughout to evaluate the business needs and ensure their requirements are met through the extension.

What are the resource implications?

- 13 As part of this proposed contract extension, both the existing contract providers have been contacted and are keen to extend the contract further for the proposed period, given the period of time since the initial tender process and contract award in 2021 against the on-going situation within the construction industry in relation to costs and inflation, coupled with the fact that the contractors have also being asked to pick up some additional works resulting from another contractor going into administration. The consequence is that the Council are proposing to accept an annual uplift to the rates that is felt to be justifiable to maintain and secure the contractors services to continue to deliver essential compliant works for another year whilst looking at the potential to develop and put in place a revised procurement strategy for the longer term to be effective from April 2025.
- 14 It is anticipated that this proposed extension will have an estimated spend of £2,300,000.00 for the 12-month period.
- 15 The current contracts were established through a restricted tender process using the Efficiency North Framework. This was undertaken in line with the Council's CPRs and Public Contract Regulations 2015 to ensure fairness, transparency, and achievements of value for money.
- 16 Due to the requirements of this contract, there is no guarantee of any volume of works throughout the contract term. Actual spend will be based on works required against the Schedule of Rates submitted at the initial tender stage.

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

- 17 If we did not extend the current contracts, the provision would still be required, and therefore non-contract spend values would increase.
- 18 The risk of poor-quality works has been mitigated by having regular contract management meetings with the contractors.
- 19 LBS will be reliant on 1 subcontractor for the provision of asbestos removal, which creates a risk to the service delivery, the risk will be managed by the service carrying out regular contract management meetings and monitoring of workload. The service will carry out financial checks on the company to ensure stability.
- 20 For larger schemes on removal there is a risk that we do not have a competitive pricing exercise. To mitigate this, we will be inviting Rhodar and MCP to price these schemes to ensure best value for money.

What are the legal implications?

- 21 As outlined at paragraph 2 above, the Council has a legal obligation under the current legislation to remove from its buildings any asbestos in poor condition or asbestos likely to be disturbed during construction or maintenance work.
- 22 The provision of an Asbestos service is required to comply with Health and Safety at Work, etc. Act 1974 and the Control of Asbestos Regulations 2012 requirements.
- 23 There are no specific legal implications arising from this report. All activities relating to the proposed contract have been executed strictly in accordance with the Council's CPRs. CPR 21.2 permits contract extensions if: they are put in place before the contract expiry date, the proposed extension is in accordance with the contract terms, and the Authorised Officer has established in writing that the extension will deliver best value. These requirements are considered satisfied.
- 24 Extending the contract is a direct consequence of a key decision ref D50578 taken on 28/2/20 and then a significant operational decision D52855 for the initial contract award taken on 15th

March 2021 and should be treated as a significant operational decision and as such, is not eligible for call in.

25 There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

Options, timescales and measuring success

What other options were considered?

- 26 The option not to extend was considered, but it was felt that this would result in non-contract spend in a key area of service delivery.
- 27 Re-procure the contract on the open market. There was not sufficient time and resources to carry out a full procurement on this scale. As the contractors are meeting all the requirements of the contract, it was decided the best course of action was to extend the current contract giving more time for the re-tender as required.
- 28 The Council considered other procurement options as part of the authority to procure. It was agreed that using the Efficiency North Framework was the best option as this met the needs of the business. However, given the time and resources it was agreed that there was not sufficient time to carry out a call-off from a Framework.

How will success be measured?

- 29 A Contract Management Plan has been in place since the start of the contract and will be used in the proposed extension, ensuring they adhere to the required KPIs.
- 30 Housing Leeds - Asbestos Team and LBS together with Housing Leeds regularly meet with the contractors to review their performance as well as deal with any on-going issues. This will continue throughout the 12 month extension period.

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

- 31 LBS will be responsible for implementing the extension to Lot 1, while Housing Leeds will be responsible for implementing the extension for Lot 2.
- 32 The implementation of this contract extension is sought so that it can be implemented well before to the end of the current contract on 31st March 2023, ensuring provision remains in place through until 31st March 2024.

Appendices

- N/A.

Background papers

- [Contract Award](#)
- [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk)