

Authority to Spend and Approval to Procure a contract for the waterproofing and concrete repairs to 11 three-storey Maisonette blocks in Roundhay, LS8 and Moortown, LS17.

Date: 8th August 2024

Report of: Head of Asset 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

- Housing Leeds are requesting Authority to Spend and Authority to Procure a contract to carry out concrete repairs and waterproofing to the communal access walkways of 11 low-rise blocks in the Roundhay and Moortown area of Leeds.
- This report provides information on the scheme, seeks approval to progress it and approval of the proposed procurement strategy in line with the Rule 3.1.7 of the Council's Contracts Procedure Rules (CPR) and Public Contracts Regulations 2015 (PCR).
- This is a new procurement and the scheme of works proposed are scheduled to commence in January 2025, with completion scheduled for January 2027.

Recommendations

The Director of Communities, Housing & Environment is recommended to:

- a) Authorise expenditure of £2.5M to deliver these works.
- b) Approve a procurement exercise to appoint a contractor via an under threshold restricted competitive tender process.
- c) Note that approval to evaluate tenders using the quality-price separated approach in accordance with CPR 15.2(a) will be sought as required under CPR 15.1.

What is this report about?

- 1 This report seeks approval to undertake a competitive procurement exercise to appoint a contractor to undertake the waterproofing to walkways, concrete repairs, and internal remedial works to 11 system-built blocks on Lincombe Drive, Lincombe Rise, Brackenwood Drive LS8 and Leafield Drive LS17.
- 2 Consultation in accordance with CPR 3.1.4 has taken place with Leeds Building Services (LBS) and the Head of LBS has confirmed that given the specialist nature of the work required they are satisfied that this work is subjected to tendering within the specialist contractor market. Therefore, an external contractor is required to undertake this work.
- 3 The proposed works are needed to ensure walkways, buildings and flats are protected from deterioration due to water ingress which is occurring through the perished waterproof surfacing.
- 4 The estimated cost of works for this scheme is £2.4m. This report seeks authority to spend £2.5m. It is proposed that the scheme of works will start in January 2025 and be completed by January 2027.
- 5 It is proposed that the tender evaluation methodology will be based on the quality/price separated approach. Tenderers will be required to meet minimum quality thresholds in their quality submissions. Thereafter a contract will be awarded to the contractor who has submitted their lowest price, subject to viability and affordability of the priced submissions. This ensures the successful contractors are providing minimum quality standards that Housing Leeds expects whilst achieving the best value for money for the Council.
- 6 It is proposed that an under threshold restricted procurement process will be undertaken following a successful open market sounding exercise which provided 10 positive responses. An expression of interest was also carried out through Efficiency North which provided 6 positive responses. A tender list will be created using contractors from both market sounding processes to maximise tender returns.

What impact will this proposal have?

- 7 The programme of works to waterproof walkways, undertake concrete repairs and internal remedial works to the 11 blocks will prevent further deterioration of the structures and ensure there is no further ingress of water to the single storey properties below the walkways.
- 8 As part of the contract, there will be a requirement to achieve additional social value benefits. Social value success will be measured and monitored by the Social Value Engine. The successful contractor will make social value commitments during the tender stage which will be recorded in the social value engine. During the life of the contract, adherence to the successful contractor's social value commitments will be monitored by the contract manager, to ensure that social value is delivered.
- 9 An Equality, Diversity, Cohesion and Integration (EDCI) impact assessment has been undertaken for this scheme and is attached as Appendix 1. No negative impacts are expected in relation to the planned works.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 10 This project will improve the quality of these homes which contributes to the Health and Wellbeing pillar.
- 11 The procurement process will include evaluation on Social Value against specific Themes, Outcomes and Measures (TOMs) which will promote health and wellbeing, inclusive growth and zero carbon. TOMs will be monitored throughout the contract to ensure delivery.

What consultation and engagement has taken place?

Wards affected: Roundhay and Moortown

Have ward members been consulted? Yes No

12 This report has been developed by the Strategy and Investment project team who have been involved throughout the process. Advice has been secured from Procurement and Commercial Services (PACS) and PACS Legal who have reviewed the proposals and support the planned decisions.

13 There are 23 leasehold flats within the 11 blocks and leaseholder consultation has been carried out under Section 20 of the Landlord and Tenant Act 1985 (as amended). The Notice of Intention was issued on 14th June 2024 to provide notice the work is planned to be carried out, to invite leaseholders to comment on the intended agreement/works and give the opportunity to name of a contractor to be invited to provide an estimate for the works. The consultation period ended on the 16th of July 2024.

What are the resource implications?

14 This work will be funded from the Housing Revenue Account.

15 Leaseholders will contribute to the cost of the work via the service charge.

16 The procurement will be carried out in line with the provisions of the Council's CPRs and seeks approval to a procurement strategy in line with CPR 3.1.7 to engage with the external market to undertake a procurement in competition to identify best value. The evaluation approach to be implemented is the quality/price separated methodology in line with CPR 15.2, this means tenderers will be required to meet the prescribed minimum threshold on the quality submission. Following this assessment those who pass the set threshold will be evaluated on a price only basis.

17 The contract will be managed by the Housing Strategy and Investment team and a contract management plan will be developed in line with CPR 3.1.17.

18 The capital funding and cash flow table is below:

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2023 £000's	FORECAST				
			2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	2028 on £000's
CONSTRUCTION (3)	2400.0		450.0	1950.0			
INTERNAL DESIGN FEES (6)	50.0		50.0	0.0			
OTHER FEES / COSTS (7)	50.0		0.0	50.0			
TOTALS	2500.0	0.0	500.0	2000.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2024 £000's	FORECAST				
			2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	2028 on £000's
Revenue Contribution	2500.0		500.0	2000.0			
Total Funding	2500.0	0.0	500.0	2000.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

19 Due diligence checks of the preferred contractor will be done to ascertain their financial position prior to contract award and throughout the contract period. This will ensure we are contracting

with a financially stable organisation which will limit the risk of the successful contractor falling into financial trouble which could affect the delivery of the project.

- 20 The contract, including contractor performance, will be effectively managed and monitored to ensure the works are delivered in accordance with the contract specification and in a timely manner. Social value benefits will be monitored by the Social Value team in collaboration with the Strategy and Investment team.
- 21 There is an ongoing risk of potential labour and materials shortages. The team will continue to monitor this and work with a successful contractor to mitigate this risk where possible.
- 22 Due to the current market conditions, there is a risk of small number of tender returns. The procurement team will continuously engage with contractors before and during the tender, ensuring they are fully supported in the process to maximise the number of bids received.
- 23 The appointed contractor will have specialist skill, technical expertise and knowledge that will be assessed and evaluated using quality criteria during the procurement. This will ensure all works are completed with regards to health and safety and environmental considerations.
- 24 As is the case for any services provided by the Council to leaseholders, there is a risk of non-payment of service charges which will include contributions towards the cost of the works. However, leaseholders are liable to contribute towards these costs under the terms of their lease (via the service charge) and as such as such these are legally recoverable. The Council is consulting with leaseholders in accordance with its legal obligations which will involve a competitive tendering process, which will demonstrate that the cost of carrying out this work at this point is reasonable.

What are the legal implications?

- 25 The decision set out in this report is a Key Decision and is subject to call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules. The scheme was added to the List of Forthcoming Key Decisions which was published on the 25th April 2024 and expired on 24th May 2024.
- 26 There will be separate report on the tender evaluation following the procurement activity and this will be the Publishable Admin Decision to award the contract, detailing the successful contractor selected and the fixed price cost for the works.
- 27 Due regard to the requirements of CPR 3.1.4 was given, however as previously stated in this report, there is no Internal Service Provider (ISP) who can carry out the scheme of works required, due to resources and funding requirements.
- 28 With reference to CPR 3.1.6, the YORBuild framework was considered but it is acknowledged that the YORBuild suite of frameworks did not provide an appropriate solution for this works contract, given the nature of the works and that contractors are more of less main contractors who would just sub contract these works. Other external frameworks were considered however due to receiving a more positive response from an open market sounding exercise, an under threshold restricted process was considered more appropriate in order to maximise tender returns. Those who expressed an interest via Efficiency North will also be invited to tender for the opportunity.
- 29 Officers from PACS Legal will be consulted throughout this procurement exercise and as such all requirements as prescribed by the Council's CPRs and the PCR 2015 will be adhered to. It is noted however, that the estimated value of the scheme of works, is below the UK procurement

threshold for works and as such is deemed a below threshold procurement for the purposes of the PCR 2015.

30 In their consideration for approval, the Director of Communities, Housing & Environment should note the above comments outlining the reasons why the preferred route to market represents best value for money for the Council.

Options, timescales and measuring success.

What other options were considered?

31 Discussions with Procurement Officers within PACS, the following procurement options have been considered in line with the Council's CPRs:

- **Do nothing** – This is not an option as further deterioration of the waterproofing will have a negative impact of the concrete substructure which could prevent Leeds being able to keep letting the properties in the future.
- **Leeds Building Service (LBS) to undertake the works** – This was considered as an option; the Head of LBS has been consulted and has declined on this occasion due to the works being specialist in nature and was happy for this course of action to engage the external market.
- **Call off an external framework** – Following expressions of interest to Fusion 21 and Efficiency North, and also an open market sounding exercise carried out on YORtender, utilising an external framework has been discounted due to wanting to maximise tender returns following a more positive response from the market sounding exercise.
- **Conduct a 2-stage restricted tender** - This is a valid option which Housing Leeds could take. It requires Housing Leeds to undertake a Common Assessment Standard questionnaire (known as a CAS in construction) to ascertain the suitability of the interested contractors to inform Housing Leeds when deciding on whether to further engage with the contractor or not. The shortlisted contractors would then be invited to tender. Due to the time involved in undertaking a 2-stage procurement exercise, this would impact on Leeds' ability to reinstate the watertightness and prevent further deterioration of the concrete substructure. There are also external frameworks available who have already conducted the CAS process and have shortlisted suitable contractors which meet the requirements of this contract.
- **Conduct an under-threshold restricted tender – This is the recommended option.** Following an open expression of interest, which provided 10 positive response and an expression of interest carried out through Efficiency North which provided 6 positive responses. A tender list will be created using contractors from both market sounding processes to maximise tender returns. Applicants will be required to complete a Selection Stage Document to ensure adequate vetting is carried out on these contractors.

How will success be measured?

32 Success will be measured as part of the contract management process. Through achievement of the works per the programme outlined at contract award.

33 Social value success will be measured and monitored by the Social Value Engine. The successful contractor will make social value commitments during the tender stage which will be recorded in the Social Value Engine. During the life of the contract, adherence to the successful contractor's social value commitments will be monitored by the contract manager, to ensure that social value is delivered.

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

34 The scheme is anticipated to commence in November 2024 and to finish 31st March 2026.

35 The proposed Timetable:

Tender Published	August 2024
Tender In	September 2024
Tender Evaluation	September /October 2024
Leaseholder Consultation	September / October 2024
Contract Award	November 2024
Mobilisation	November 2024
Contract Start	January 2025
Contract Completion	January 2027

Appendices

- EDCI

Background papers

- N/A