

Authority to Spend and Procure a planned works re-roofing and associated works framework

Date: 15th October 2024

Report of: Head of Asset Management

Report to: Director of Communities, Housing and 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 from the Director of Communities, Housing and Environment for the authority to spend and authority to procure a framework to deliver a planned investment scheme for the re-roofing works to the council housing stock which will begin in June 2025 and end at the end of March 2029.
- This report provides information on the scheme, seeks approval to progress it and approval of the proposed procurement strategy in line with CPR 3.1.7 of the Council's Contract Procedure Rules (CPR).
- It is proposed that up to four contractors will be appointed to the framework and for each financial year, the Council will run a mini competition amongst the four contractors with the 2 most competitively priced tenders being awarded the work packages for the next year.
- The proposed expenditure over the four-year term is circa £14m (£3.5m per annum).

Recommendations

The Director of Communities, Housing and Environment is requested to:

- a) Approve expenditure of £14m from the Housing Capital Programme.
- b) Approve the use of a restricted Find-a-Tender tendering process to undertake a procurement process to establish a framework with a maximum of 4 contractors to deliver re-roofing works from the 1st June 2025 to the 31st March 2029.
- c) Note that annual call-offs will be carried out by the Strategy & Investment team to appoint 2 contractors to carry out these works during each financial year.

What is this report about?

- 1 This report seeks the authority to procure a framework in line with CPR 3.1.7 for the undertaking of re-roofing works to housing properties located throughout the City. The framework will run from June 2025 to March 2029 with a maximum of 4 contractors appointed to it.
- 2 The scope of the works involves the delivery of re-roofing works to the following property archetypes:
 - Semi Detached
 - Terrace,
 - Back-to-Back
 - Low Rise Blocks
 - CAMs Blocks/ Estate Shops
 - Bungalows
 - Garages
 - Maisonette
- 3 Each financial year, the Council will call-off from the framework by running a price-only mini competition amongst the contractors appointed to the framework.
- 4 The work allocation process for year 1 of the contract will be the 2 contractors who are ranked 1st and 2nd after the scoring of the tender submissions on quality and price. They will be awarded the first-year contract and works packages. For years 2, 3 and 4 of the framework, the Council will run a price-only mini competition amongst the contractors. The 1st and 2nd lowest priced contractors will be awarded the subsequent year of work.
- 5 Separate approvals and decisions will be taken for each subsequent call-off from the framework. These are expected to be Publishable Administrative Decisions irrespective of the value, as per CPR 3.1.7.
- 6 It is proposed that the best route to market is to conduct a Find-a-Tender restricted procurement exercise which involves 2 stages. The first stage involves issuing a Common Assessment Standard (CAS) document to the open market. We would then evaluate all submissions and shortlist the applicants to those that can meet our requirements. The second stage involves inviting to tender only those that have passed the CAS stage, where we'll evaluate the submissions and award up to 4 contractors to the framework.
- 7 It is proposed that the tender evaluation methodology will be based on the quality/price separated approach. Contractors will be required to meet minimum quality thresholds in their quality submissions. Thereafter, contracts will be awarded to up to 4 contractors that submitted the lowest prices, subject to viability and affordability of the priced submissions. This ensures contractors are providing the minimum quality standard that the Council expects whilst achieving the best value for money for the Council. Approval of the evaluation criteria will be sought from the Head of Asset Management in accordance with CPR 15.1 and the sub delegation scheme of the Director.

What impact will this proposal have?

- 8 The approval of this report will add significant value to many of our residents across the city and will support the upgrade and modernisation of their homes, reducing fuel poverty, cutting carbon, and improving health outcomes. It will allow a city-wide consistent approach and commitment to the delivery of planned re-roofing work programmes.

- 9 The previous and existing framework has delivered more than a thousand new roofs across the city. The delivered works has covered a multitude of roof types from standard 3-bed houses to large complex roofs on listed properties. During these works, we have achieved a 95% customer satisfaction rating. The new framework will continue to build on these strong foundations.
- 10 An EDCI screening was carried out for these works and can be found in the key decision report. There are no equality, diversity, cohesion, and integration issues related.

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

- Health and Wellbeing Inclusive Growth Zero Carbon

11 Investment in these works and the resulting activity contributes to all the Council’s 3 Key Pillars as follows:

- The skills programmes, apprenticeships and employment support provided by the programme will help towards our Inclusive Growth target of supporting businesses and residents to improve skills, helping people into work and into better jobs.
- The programme will improve the living environments of our residents which will help towards our Health and Wellbeing target of reducing health inequalities and improving the health and wellbeing of our tenants.
- The proposed re-roofing programme will have a positive impact on the climate emergency as loft insulation is improved or installed as part of all new roof replacements. This will help to reduce carbon emissions. Properties will also be more energy efficient.
- Additionally, all materials used on the re-roofing scheme are locally sourced, helping reduce the environmental impact of emissions from the sourcing and transportation of materials.

What consultation and engagement has taken place?

Wards affected: City Wide
Have ward members been consulted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

- 12 Colleagues within the Communities, Housing and Environment Strategy and Investment Team, Capital Programme Team as well as Procurement and Legal Officers in Procurement and Commercial Services have worked together to develop the proposed procurement strategy.
- 13 The Head of the Council’s Internal Service Provider, Leeds Building Services, has been consulted with and has confirmed that on this occasion given the nature of the works, they no longer have the internal resources to deliver the programme works.
- 14 Engagement with residents will take place and they’ll be given adequate notice when re-roofing work is planned for their property. A consultation and engagement plan will form part of the contractual arrangements for those contractors being appointed to the framework, including the Strategy and Investment team will ensure full engagement with tenants/residents throughout the period of re-roofing contract.
- 15 Leaseholder Consultation and engagement will take place in accordance with Section 20 of the Landlord and Tenant Act 1985 (as amended 2002).

What are the resource implications?

- 16 The contractors that will be invited to tender have the specialist skill, technical expertise and the knowledge that will ensure that all works are completed in line with Health and Safety and Environmental considerations.
- 17 This report seeks authority for Housing Leeds to procure up to 4 contractors to deliver up to £14m of housing re-roofing works over the framework period.
- 18 The funding for this scheme comes from Housing Capital Programme.

to Spend on this scheme	£000's	2024 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	2028 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	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
LAND (1)	0.0						
CONSTRUCTION (3)	14000.0			3500.0	3500.0	3500.0	3500.0
FURN & EQPT (5)	0.0						
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0						
TOTALS	14000.0	0.0	0.0	3500.0	3500.0	3500.0	3500.0
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
LCC Corporate Borrowing	0.0						
Revenue Contribution	14000.0			3500.0	3500.0	3500.0	3500.0
Private Sector	0.0						
Section 106 / 278	0.0						
Government Grant (Specify)	0.0						
Departmental Borrowing	0.0						
Any Other Income (Specify)	0.0						
Total Funding	14000.0	0.0	0.0	3500.0	3500.0	3500.0	3500.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- 19 The framework will be managed by Housing Leeds who will ensure a contract management plan will be developed in line with CPR 3.1.17.

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

- 20 A risk register has been produced. The project team will continue to monitor any identified risks and consider any new risks moving forward through contract award and mobilisation.
- 21 Notable Risks include:

- a) Integration with the existing Housing IT system and provide training to new contractors.

Mitigation: Housing IT project staff will be involved in what is communicated to bidders about the IT system, and this will involve working with them to plan contractor training throughout the contract mobilisation process and ensure they have full access to system prior to starting on site.

- b) Reputational risk of any redundancies linked to contract changes including TUPE activity.

Mitigation: In accordance with normal procedures, we will take legal advice in relation to TUPE, which may apply contractor to contractor, and made sure that bidders have the appropriate TUPE workforce information to enable them to consider such aspects in the bidding process.

c) Not able to provide contractors with continuity of work.

Mitigation: Work has been undertaken by Housing Leeds to ensure that investment planning targets are achievable, and works are given to contractors quarterly to support surveying resources. In addition, pricing for elemental pre-works surveys will be obtained, so that if internal resource were insufficient to meet this need, the Council can procure further capacity.

d) Contractors not adequately resourced to deliver works.

Mitigation: This will be a key focus of both the shortlisting and the quality evaluation process to ensure that bidders have sufficient resources to carry out these works. As part of the process, it is expected that mobilisation plans and programmes will be submitted to determine that bidders will have resources in place, as well as how these can be scaled up as appropriate to ensure effective delivery. In addition, the KPIs in the contract measure planned delivery, and if this falls under a certain threshold – the Council can reallocate works to another framework contractor.

e) Contractors do not perform to expected standards.

Mitigation: Extensive work was carried out to produce a clear and detailed performance specification for these works. This means that the requirements of the Council will be clear to bidders. In addition, there will be an extensive mobilisation period where the Council's contract managers will work with Contractors to ensure that they are ready to deliver to expected standards from day one of contract delivery. During the contract period, robust contract management tools will be utilised to ensure that the contractor delivers the work in accordance with the Contract.

What are the legal implications?

- 22 The procurement will be carried out in an open and transparent manner in line with the CPR and Public Contract Regulations 2015 (PCRs), ensuring competition is sought to identify best value.
- 23 The Council shall have due regard to Regulations 28(4), 65(1) and 65(3) of the PCRs during the tender process. For the avoidance of doubt, the aforementioned Regulations relate to the minimum number of candidates under a restricted procedure which the Council is seeking to utilise in this procurement.
- 24 As the proposed maximum duration of the framework shall not exceed 4 years, the Council is compliant with the provisions set out in Regulation 33(3) of the PCRs.
- 25 Due diligence checks of the preferred contractors will be done to ascertain their financial position prior to contract award. This will ensure we are contracting with financially sound organisations limiting the risk of works not being completed.
- 26 There will be separate report on the tender evaluation following the procurement activity and this will be the Publishable Administrative Decision to award the contracts.
- 27 Given the costs related to this contract, the proposed procurement exercise was listed on the forthcoming key decisions on the 19th July 2024 and therefore this decision report is a Key Decision and is eligible for call in. 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?

28 The alternative options are to:

a) **Do Nothing**

This is not a viable option. Doing nothing would result in no procurement activity taking place resulting in the Strategy and Investment team not achieving the annual capital programme for re-roofing works of £3.5m.

b) **Call off from an external framework**

A number of existing externally managed frameworks were researched and reviewed. However, the frameworks predominately included larger contractors, as opposed to roofing contractors, which excluded a lot of SMEs, which doesn't support the strategy of Housing Leeds.

How will success be measured?

29 The programme directly contributes to the achievement of several key factors which the Council aim to achieve including:

- a) Providing enough homes of a high standard by maintaining properties to the Leeds Homes Standard.
- b) Supporting economic growth and access to economic opportunities.
- c) Providing skills programmes and employment support – creating apprenticeships and other training and employment opportunities through our contracting activity.
- d) All tenderers will be required to complete social value plans for evaluation, including meeting Employment and Skills targets which helps create training and employment opportunities within Leeds. The successful contractors will be held to their social value commitments through contract management activity.

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

30 The proposed timetable for the delivery of this arrangement is:

Task/Milestone	Date
Contract notice published CAS and draft tender documents issued	Early November 24
CAS Return Date	Early December 24
CAS Evaluation Period	December 24 to January 25
Tender Out	January 25
Tender Return (6-week tender period)	February 25
Tender evaluation, leaseholder consultation, standstill, and governance approval	February 25 to May 25

Contract Award	May 25
Contract Start	1 st June 2025
Contract End	31 st March 2029

Appendices

- None

Background papers

- 1 Equality, Diversity, Cohesion, and Integration Screening
- 2 List of Forthcoming Key Decisions