

North Lanarkshire Council Report

Housing Committee

Does this report require to be approved? Yes No

Ref: HO RF 23 052/ NLC-SLP-23-118

Date: 06 November 2024

Contract Award for MTC for Re-Roofing, Re-Rendering & Energy Efficiency Works including EES:ABS

From Stephen Llewellyn, Chief Officer (Housing)

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Telephone: Siobhan Starbuck –
Contract Support Manager –
via MS Teams

Executive Summary

The Committee is asked to approve the award of a contract for “MTC for Re-Roofing, Re-Rendering and Energy Efficiency Works including EES:ABS” (the ‘Agreement’) to:

- Lot 1 – Procast Building Contractors Limited
- Lot 2 – GMG Contractors Limited
- Lot 3 – Ailsa Building Contractors Limited

The Agreement is for an initial period of 24 months anticipated to commence on 2 December 2024. The Council reserves the right to extend the Agreement for additional periods up to a maximum of a further 36 months.

The maximum value of the Agreement shall not exceed Ninety Nine Million Pounds Sterling (£99,000,000.00) exclusive of VAT. The value of the Agreement is split across three lots;

- Lot 1 – £54,450,000,
- Lot 2 – £29,700,000 and
- Lot 3 – £14,850,000.

As a Measured Term Contract form of agreement, the value of the Agreement is pertinent to demand therefore there is no guarantee that the council will spend any, or all, of the awarded Agreement value.

Recommendations

It is recommended that the Committee approves the award of the Agreement at the maximum value of Ninety Nine Million Pounds Sterling (£99,000,000.00) exclusive of VAT to:

- Procast Building Contractors Limited for Lot 1 at the maximum value of Fifty Four Million Four Hundred and Fifty Thousand Pounds Sterling (£54,450,000) exclusive of VAT;

- GMG Contractors Limited for Lot 2 at the maximum value of Twenty Nine Million Seven Hundred Thousand Pounds Sterling (£29,700,000) exclusive of VAT; and
- Ailsa Building Contractors Limited for Lot 3 at the maximum value of Fourteen Million Eight Hundred and Fifty Thousand Pounds Sterling (£14,850,000) exclusive of VAT.

This recommendation follows the completion of a procurement procedure, where the tenders recommended for award have been evaluated as providing the most economically advantageous tenders in terms of cost and quality for the council.

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition Statement	(1) Ensure a housing mix that supports social inclusion and economic growth
Programme of Work	Transforming Places

1. Background

- 1.1 The requirements within the Agreement are currently under contract split across three lots;
- Lot 1: Procast Building Contractors Limited
 Lot 2 - Ailsa Building Contractors Limited
 Lot 3 - GMG Contractors Limited
- 1.2 The council is committed to improving the energy efficiency of its housing stock through working towards achievement of the Energy Efficiency Standard for Social Housing (ESSH) targets for social landlords, as well as national and council Net Zero commitments. The council is also committed to the improvement of private sector housing stock in North Lanarkshire through the utilisation of Scottish Government EES:ABS funding as appropriate, this Agreement contains the scope of installation works to work toward these targets, such as, but not limited to:
- external wall insulation (EWI) and associated works
 - loft, underfloor and cavity wall insulation
 - replacement roofs
 - photovoltaic roof panels and associated works
 - ventilation measures
 - installation of monitoring equipment to assess temperature and humidity both during and after the works are completed
- 1.3 To enable adequate service provision, the requirements of the Agreement have been split across three lots, with each lot having a set maximum value of work that can be allocated to each appointed contractor. This approach allows the council to spread the workload across multiple contractors therefore ensuring delivery requirements can be met dependant on each appointed contractor's availability and capacity at time a work order is placed.

- 1.4 Tenderers were free to bid for all three lots, however, if a tenderer was recommended for lot 1, their tender for lots 2 and 3 (if they submitted a tender for other lots) was excluded on the basis of the council requirement to appoint a separate contractor for each lot. The same approach applied to the tenderer recommended for lot 2, their tender for lot 3 (if submitted) would be excluded.

2. Report

- 2.1 A user intelligence group ('UIG') of technical and procurement representatives was formed to review technical specifications, discuss trading processes, market conditions and trends, ways to maximise community benefits and sustainability and to agree the procurement strategy for the Agreement to enable the council to achieve maximum benefit for the requirements.
- 2.2 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015. An advert for the procurement opportunity was published on the Public Contracts Scotland and the UK Find a Tender (FTS) website.
- 2.3 The procurement procedure was undertaken as a "Restricted Procedure" and was split in to two stages, stage 1 – Invitation to Participate (selection) and stage 2 – Invitation to Tender (award). Further information on the process is detailed below:
- Invitation to Participate (ITP) documentation containing the SPD (Scotland) and subsequent assessment criteria specific to the requirements of the Agreement received a total interest from 47 companies with the council receiving 13 Request to Participate (RTP) submissions.
 - To reduce the number of otherwise qualified candidates to be invited to stage 2 of the process, RTP's received were evaluated in accordance with the process contained within the ITP package. Following evaluation of RTP's received and subsequent receipt of evidence, supporting documentation etc. to corroborate responses within SPD (Scotland) submissions, five candidates were invited to tender for each Lot within stage 2 of the procurement procedure.
 - Following the publication of Invitation to Tender (ITT) documentation to candidates who progressed from stage 1, the council received five tender submissions for each Lot within stage 2.
 - Based on the criteria and scoring methodology set out in the ITP and ITT packages, evaluation of the responses within each stage was completed by members identified by the UIG.
- 2.4 The Agreement award recommendation is made on the basis of the three tenderers who have been evaluated as representing the most economically advantageous tenders:
- Lot 1 – Procast Building Contractors Limited
 - Lot 2 – GMG Contractors Limited
 - Lot 3 – Ailsa Building Contractors Limited

- 2.5 Appendix 1 confirms the scoring achieved by each tenderer for each Lot, further details of the procurement procedure is provided in Appendix 2 and the SME status and location of all tenderers is located within Appendix 3.

Financial / Budget Consideration

- 2.6 The pre-tender whole life estimate budget for the Agreement was £99,000,000.00. This is the maximum value of the Agreement as identified and set by the council. As a measured term contract there is no obligation on the council to spend any, or all, of this value.
- 2.7 When comparing rates to the existing contract tendered in 2020, tendered rates for this Agreement have increased by an average of 37%. These increased costs can be attributed to a multitude of factors including the covid pandemic, ongoing global conflicts, increased construction material costs and increased labour costs brought about by the sharp rise in inflation and other cost of living pressures.
- The pre-tender estimate budget has been set to incorporate these increases, however, future inflation and other external events may increase costs over the maximum 5 years Agreement duration and the yearly amount of Scottish Government EES:ABS funding allocated to this Agreement. The EES:ABS allocation is included within the maximum budget and provides for owner works to progress to multi-tenure properties, anticipated to be around £3.1M per year, this is subject to yearly applications to confirm the exact funding amount.
- Both factors will be monitored and managed closely by the project team to maximise the volume of work that can be completed under the Agreement.
- 2.8 The costs associated with delivery of the Agreement will be contained within the Capital budget for Housing Services.

Price Stability

- 2.9 The Agreement pricing is fixed until 31 July 2025. Thereafter, prices will be adjusted annually by the application of the RICS BCIS General Building Cost Price Index which is an industry standard approach.

Community Benefits

- 2.10 The council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement, this approach is designed to deliver local community benefits where possible.
- 2.11 Within their tender, the three recommended contractors committed to deliver the following community benefits within the initial 24 months of the Agreement. These will also be delivered on a pro-rata basis during any optional extension period awarded under the Agreement:

Lot 1 - Procast Building Contractors Limited	
Community Benefit Type	Quantity Committed
New Job for an Individual from a Priority Group (Full Time)	1
New Job for an Individual not from a Priority Group (Full Time)	1
New Job for an Apprentice from a Priority Group (Full Time)	2

Work Experience Placement for an individual 16+ years of age	1
Educational Visits	3
Educational Workplace Visit	1
Financial Support for a community project/ organisation	2

Lot 2 – GMG Contractors Limited	
Community Benefit Type	Quantity Committed
New Job for an Individual not from a Priority Group (Full Time)	1
New Job for an Apprentice from a Priority Group (Full Time)	1
Work Experience Placement for an individual 16+ years of age	3
Work Experience Placement for an individual 14-16 years of age	2
Educational Visits	3
Educational Workplace Visit	1
Financial Support for a community project/ organisation	1
Non-Financial Support for a community project/ organisation	1

Lot 3 – Ailsa Building Contractors Limited	
Community Benefit Type	Quantity Committed
New Job for an Individual from a Priority Group (Full Time)	1
New Job for an Individual not from a Priority Group (Full Time)	1
New Job for an Apprentice from a Priority Group (Full Time)	2
Work Experience Placement for an individual 16+ years of age	4
Educational Workplace Visit	2
Financial Support for a community project/ organisation	2

2.12 The community benefits delivered as part of the Agreement includes the creation of jobs or apprenticeships.

Fair Work First

2.13 Within their tender submission, all three contractors recommended for award advised that they will commit to the following areas of the Scottish Governments “Fair Work First” initiative:

2.14 For Lot 1 Procast Building Contractors Limited have provided confirmation that their company approach aligns with ‘Fair Work First’. For example, they are a living wage accredited employer, reject zero hours contracts, offer flexible working to all staff, have comprehensive diversity and inclusivity policies in place and encourage employee engagement throughout the business. They are an investor in people awarded business with comprehensive workforce development practices in place including mentorship programmes, trade and graduate apprenticeships. They also have robust processes in place to ensure fair and prompt payment throughout their supply chain.

- 2.15 For Lot 2 GMG Contractors Limited have provided confirmation that their company is fully committed to 'Fair Work First'. For example, they are a 'living wage Scotland' accredited employer, reject zero hours contracts, offer flexible/ hybrid working, invest in staff training and workforce development including apprenticeships which gained them an investors in young people platinum award. They operate regular employee forums for regular staff communication and engagement.
- 2.16 For Lot 3 Ailsa Building Contractors Limited have provided confirmation that their company policies align with all 'Fair Work First' criteria and they encourage the same from their subcontractors and suppliers. For example, they are working towards 'living wage' employer accreditation, reject zero hours contracts, offer family friendly policies including flexible/ hybrid working and invest in staff training and workforce development including apprenticeships.

Contract Management

- 2.17 Officers from Housing Services will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

3. Measures of success

3.1 The Agreement will deliver the following outcomes;

- conclusion of a procurement procedure that is compliant with procurement legislation and internal procedures

3.2 Best Value has been considered to be demonstrated by:

- this procurement opportunity being divided into three lots based on maximum value, and the requirement that no more than one lot is awarded to any one contractor, which attracted the full spectrum of the market ensuring competitive bids were received by the council
- the appointment of contractors who have, via their responses to the ITP and ITT, evidenced they have the experience and capability to deliver an innovative, high quality and responsive service to the council, tenants and private owners
- commitment by the three contractors recommended for award to deliver of a range of community benefits as set out in this report

4. Supporting documents

Appendix 1	Summary of Tender Evaluation Process
Appendix 2	Summary of Procurement Process
Appendix 3	SME Status and Location of All Tenderers

A handwritten signature in dark ink, appearing to read 'S. Llewellyn', is positioned above the typed name.

Stephen Llewellyn
Chief Officer (Housing)

5. Impacts (<http://connect/report-template-guidance>)

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>The maximum value of the Agreement is Ninety Nine Million Pounds Sterling (£99,000,000) exclusive of VAT including any option to extend the Agreement. The costs associated with contract delivery will be contained within the HRA Capital budget for Housing Services.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? Legal input, both internal and external, was required to incorporate bespoke contract amendments to cover the contractor design requirement of the contract. Training has been arranged for all key staff in relation to these changes prior to the commencement of the Agreement.</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<p>5.6 Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.7 Environmental / Carbon impact Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>The Agreement included the requirement for tenderers to hold BS EN ISO 14001 / EMAS (or equivalent) accreditation, all three contractors have provided appropriate evidence of accreditation.</p>
<p>5.8 Communications impact Does the report contain any information that has an impact on the council's communications activities? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Due to the high value of this Agreement, committee approval is required and will be published on the council's website for public viewing</p>
<p>5.9 Risk impact Is there a risk impact? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>Risk will be minimised and managed by a designated contract manager in accordance with the Council's agreed approach to contract and supplier management.</p>
<p>5.10 Armed Forces Covenant Duty Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Appendix 1 – Summary of Tender Evaluation Process

Lot 1: Stage 1 – Invitation to Participate			
Final Rank	Candidate Name	Total Score (%)	Invited to Tender
1	Procast Building Contractors Limited	93.30	Yes
2	Ailsa Building Contractors Limited	80.00	Yes
2	Everwarm Limited	80.00	Yes
4	Hugh LS McConnell Limited	70.00	Yes
5	AC Whyte & Co Limited	63.30	Yes

Four other RTP submissions received for Lot 1 were assessed as failing to meet the councils minimum requirements set within the procurement procedure therefore were not progressed to have their selection criteria scored.

Lot 1: Stage 2 – Invitation to Tender			
Final Rank	Tenderer Name	Total Score (%)	Recommended for Award
1	Procast Building Contractors Limited	95.82	Yes
2	Ailsa Building Contractors Limited	92.40	No
3	AC Whyte & Co Limited	86.27	No
4	Everwarm Limited	81.42	No
5	Hugh LS McConnell Limited	78.12	No

Lot 2: Stage 1 – Invitation to Participate			
Final Rank	Candidate Name	Total Score (%)	Invited to Tender
1	Procast Building Contractors Limited	100.00	Yes
2	Ailsa Building Contractors Limited	90.00	Yes
3	Everwarm Limited	80.00	Yes
4	Hugh LS McConnell Limited	70.00	Yes
5	GMG Contractors Limited	63.40	Yes
6	AC Whyte & Co Limited	63.30	No

Six other RTP submissions received for Lot 2 were assessed as failing to meet the councils minimum requirements set within the procurement procedure therefore were not progressed to have their selection criteria scored.

Lot 2: Stage 2 – Invitation to Tender

Final Rank	Tenderer Name	Total Score (%)	Recommended for Award
1	GMG Contractors Limited	91.60	Yes
2	Ailsa Building Contractors Limited	60.82	No
3	Everwarm Limited	43.64	No
4	Hugh LS McConnell Limited	40.91	No
N/A	Procast Building Contractors Limited	N/A	Recommended for Lot 1

Lot 3: Stage 1 – Invitation to Participate

Final Rank	Candidate Name	Total Score (%)	Invited to Tender
1	Procast Building Contractors Limited	100.00	Yes
2	Ailsa Building Contractors Limited	90.00	Yes
3	Everwarm Limited	86.70	Yes
4	Hugh LS McConnell Limited	80.00	Yes
5	AC Whyte & Co Limited	73.30	Yes
6	GMG Contractors Limited	63.40	No
7	Union Technical Services Limited	53.30	No

Six other RTP submissions received for Lot 3 were assessed as failing to meet the councils minimum requirements set within the procurement procedure therefore were not progressed to have their selection criteria scored.

Lot 3: Stage 2 – Invitation to Tender

Final Rank	Tenderer Name	Total Score (%)	Recommended for Award
1	Ailsa Building Contractors Limited	92.40	Yes
2	AC Whyte & Co Limited	84.55	No
3	Everwarm Limited	81.44	No

4	Hugh LS McConnell Limited	74.91	No
N/A	Procast Building Contractors Limited	N/A	Recommended for Lot 1

Appendix 2 – Agreement - Summary of Procurement Process

	Lot 1	Lot 2	Lot 3
CPT Contract Reference Allocated:	NLC-SLP-23-118		
Procurement Procedure Utilised:	Restricted Procedure		
Governing Legislation / Regulations:	Public Contracts (Scotland) Regulations 2015		
Date Contract Strategy Approved:	14 March 2024		
Date Contract Notice Published:	15 March 2024		
Tender Platform Utilised:	PCS Mailbox (PCS)		
Total Expressions of Interest Received:	47		
NLC Based Expressions of Interest:	83%		
Request to Participate (RTP) Return Deadline:	17 April 2024		
Number of RTP's Received:	9	12	13
RTP's from SME's:	8	11	12
RTP's from NLC Based Candidates:	1	1	1
RTP's from Supported Businesses:	0	0	0
Number of Non-compliant RTP's:	4	6	6
Number of Compliant RTP's:	5	6	7
Number of Candidates Invited to Tender:	5	5	5
ITT Publication Date:	07 June 2024		
Tender Return Deadline:	24 July 2024		
Number of Tenders Received:	5	5	5
Tenders from SME's:	5	5	5
Tenders from NLC Based Tenderers:	1	1	1
Number of Non-compliant Tenders:	0	0	0
Number of Compliant Tenders:	5	5	5
Number of Recommended Tenderers:	1	1	1
Basis of Award:	Quality:	40%	Price: 60%

Evaluation Team:	Officers from the Housing Property
Anticipated Start Date of the Agreement:	02 December 2024
Total Agreement Period (Months):	24 + 12 + 12 + 12
Maximum Value of the Agreement:	£99,000,000 .00 (Excluding VAT)

Appendix 3 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
AC Whyte & Co Limited	Medium	East Renfrewshire
Ailsa Building Contractors Limited	Medium	North Lanarkshire
Everwarm Limited	Large	West Lothian
GMG Contractors Limited	Small	Glasgow
Hugh LS McConnell Limited	Medium	South Lanarkshire
Procast Building Contractors Limited	Medium	South Lanarkshire