

SURREY COUNTY COUNCIL**CABINET****DATE: 18 DECEMBER 2012****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY****LEAD OFFICER: ANDREW FORZANI – HEAD OF PROCUREMENT & COMMISSIONING****JOHN STEBBINGS – CHIEF PROPERTY OFFICER****SUBJECT: CONTRACT AWARD FOR MECHANICAL, ELECTRICAL AND ROOFING MAINTENANCE FRAMEWORKS****SUMMARY OF ISSUE:**

The report seeks approval from Cabinet to award three Specialist Construction Framework agreements to the recommended tenderers for the provision of mid-sized planned roofing, mechanical and electrical engineering projects.

RECOMMENDATIONS:

It is recommended that the selected contractors be appointed onto Roofing, Mechanical and Electrical Works Frameworks, jointly procured with Hampshire County Council as detailed in the Part 2 Annex (item 16).

REASON FOR RECOMMENDATIONS:

The recommended contract award delivers best value for money for Surrey County Council.

DETAILS:

1. The Surrey and Hampshire Specialist Frameworks were jointly established by Surrey County Council and Hampshire County Council, on behalf of themselves and other public sector bodies in Surrey and Hampshire.
2. The overarching aim of the framework is the efficient delivery of medium-sized capital maintenance projects and programmes of work typically between £75,000 and £500,000.
3. It is a multi-authority collaborative framework which is jointly managed by Surrey and Hampshire County Councils. The Framework will operate from 2013 to 2017.
4. Minor planned maintenance works between £7,500 and £75,000 will be competitively tendered between SMEs in the Local Area. Maintenance works below £7,500 will be delivered by the Term Contractors as set out in the 27 March 2012 Cabinet report.

5. This report recommends that three Specialist Frameworks for the provision of Roofing, Mechanical and Electrical Works to commence in February 2013 are awarded to the contractors named in the Part 2 Annex (item 16). Together with the Part 2 Annex, this report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

Background

6. A strategy to improve Surrey County Council's (SCC) existing building maintenance provision was set out in the 27 March 2012 Cabinet report.
7. This was a response to existing arrangements (where the majority of work has been routed through a single supplier), which did not facilitate competition between contractors and limited the opportunity for local contractors to win work with the Council.
8. The new strategy proposed a range of Term Contracts and Framework Agreements to spread the workload across selected firms, so eliminating the risk of contractor failure and maintaining a greater level of competition for work.
9. The following contracts have already been approved by Cabinet this year:
 - a contract for responsive repairs and cyclical maintenance (approved on 27 March 2012) including emergency call outs, leaks, breakdowns and servicing.
 - a framework agreement for planned building maintenance works (approved on 29 May 2012) including extensions, alterations, new build and refurbishment building work.
10. This paper focuses on delivery of the last strand of this strategy – the implementation of planned roofing, mechanical and electrical engineering frameworks. It will capture project values typically between £75,000 and £500,000, with a total projected annual spend of £12m. Projects will include boiler replacements, central heating and lighting upgrades, and re-wiring.

The three Specialist Construction Frameworks

11. The new Frameworks, a joint procurement between SCC and Hampshire County Council (HCC), will commence on 1 Feb 2013 for a four year term. Their scope includes planned building maintenance projects or programmes of work. It will also be available to Districts and Boroughs.
12. The results of the procurement evaluation are summarised in the Confidential Part 2 Annex together with the list of recommended Contractors in each Framework. The Frameworks will ensure that work is actively competed amongst this group of Contractors.
13. The recommended Contractors will provide services within the geographical area of Surrey and Hampshire.
14. Joint Framework Steering Groups will be appointed by SCC and HCC to provide scrutiny of the governance and operational arrangements for the Frameworks.

Surrey Small Works Panel

15. Whilst the benefits of using a managing contractor are recognised for higher value/complex projects, such benefits are less evident for lower value jobs.
16. Small planned maintenance works projects between £7,500 and £75,000 will be delivered by specialist roofing, mechanical and electrical Surrey based SMEs under the Surrey Small Works Panel (approved by Cabinet on 29 May 2012).
17. Individual projects will be let competitively by seeking quotations from the local accredited bidders list.

'BuildSurrey' portal

18. In addition to the opportunity to bid for work directly with SCC, as part of the Small Works Panel, Surrey-based SMEs will have the opportunity to undertake projects at a sub-contractor level for SCC existing Main Framework Contractors via the 'BuildSurrey' networking portal.
19. The portal will be operational in January 2013 and will put local suppliers in contact with main contractors to support them in building local supply chains.
20. The specialist Contractors who are appointed to the Roofing, Mechanical and Electrical Frameworks will be invited to join the 'BuildSurrey' initiative to support the Framework target of exceeding 75% of project budget spent with SMEs in the Local Area.

CONSULTATION:

21. Members of Procurement, Property Services and Hampshire County Council have been involved in the procurements, feeding in their expert knowledge around the design of the specification and evaluating tenders and agreeing contract award. Legal Services have also been consulted to ensure what was being proposed was legally compliant

RISK MANAGEMENT AND IMPLICATIONS:

22. The Council does not guarantee the value or volume of instructions it may place with any of the contractors.
23. Purchase Orders may be terminated upon giving 7 days notice.
24. All contractors were required to successfully complete satisfactory financial checks as part of the pre-qualification stage.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

25. Value for money will be assured through the Specialist Frameworks via the following measures:
 - Overhead and Profit (OH&P) and Insurance rates have been established competitively for each contractor for typical projects during the procurement and are fixed for the life of the Framework. On average these are 2% less than existing arrangements.

- The use of project templates (requiring the bidders to cost against common project types) within the procurement exercise has provided the facility to benchmark actual future project costs.
 - A minimum savings target of 10%, which measures savings in project costs against benchmarked Framework project templates has been established. SCC will work with the successful contractors to drive out cost to meet or exceed this target
 - The majority of the total project costs reside with sub-contractors (analysis of an average sized project indicates this is in the region of 75%) and this is where the greatest opportunity exists to secure value for money. SCC staff will focus on working closely with the successful suppliers to identify supply chain opportunities, develop increased standardisation, bundle projects into programmes of work and encourage use of local SMEs.
26. Framework Contractors or Contracting Authorities do not pay any administration fees to the Framework Management team.

SECTION 151 OFFICER COMMENTARY

27. The Section 151 Officer confirms that there are no new financial implications as the result of the framework agreements being implemented as recommended. Works will be delivered under the agreed capital and revenue budgets, with responsibility for financial management residing with Property Services.

LEGAL IMPLICATIONS – MONITORING OFFICER

28. All compliant tenderers supplied a written confirmation that if successful they will accept the terms of the draft Framework Agreement agreed by Legal Services, without any material amendment.
29. The duty on the Cabinet is to have due regard to public authorities obligations as set out under the Equality Act 2010.
30. The risks which SCC exposes itself to under the framework, are the risk related to its own purchases.

EQUALITIES AND DIVERSITY

31. An Equalities Impact Assessment was not required for this award because Equality Impact Assessments will be undertaken for individual projects and underlying contracts if necessary.
32. The Council has been mindful of its equalities duties in carrying out the procurements relating to this paper. Under the Equality Act 2012 when considering this item, the Cabinet should have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do

not share it - the relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

33. The procurement process for the Framework agreements was undertaken through an EU Procurement procedure, which was advertised to allow contractors across the EU to express their interest. An electronic tendering platform was used through the Bravo E-sourcing Portal. The tender was also advertised on the HCC & SCC's websites so as to attract local businesses and SMEs.
34. A minimum target of 5 weeks training per each £100,000 streamlined through each Framework has been established. In accordance with projected workload of approx. £12m there is a potential for 12 full-time apprenticeships per annum across the three Frameworks.
35. The contract which the contractors will sign stipulates that the contractor will comply with all relevant equality and diversity legislation (including the Equality Act 2010) whilst performing the services. The contracts also require the contractor to adopt SCC's equal opportunities policy when recruiting and dealing with Safeguarding responsibilities for vulnerable children and adults implications
36. With regard to the Contractors' Personnel who potentially may participate in providing these services to school premises or which may otherwise involve contact with children or vulnerable adults, the Contracting Authority reserved the right to require the Contractor to supply Security Cleared or Vetted or CRB checked staff for individual projects. Contracting Authorities may require persons employed or otherwise engaged by Framework Providers to undertake other security checks in accordance with Contracting Authorities security procedures.

CLIMATE CHANGE/CARBON EMISSIONS IMPLICATIONS

37. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
38. The contractors shall institute and maintain, in relation to their performance of the Services, a system of quality assurance. This will cover improvement planning and operation and an environmental management system designed to ensure that the Services are carried out in accordance with the Specification.
39. The contractors will be required to look to achieve efficiencies, reduce CO² emissions and reduce running costs of their transport.

WHAT HAPPENS NEXT:

40. Property Services will implement and manage the contracts with commercial input from Procurement. Quantity Surveyors from within Property Services will manage the quotation requests/tenders for the Small Works Panel.
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Consulted:

Consultation has also been undertaken with senior representatives of Property Services, Legal Services, Hampshire CC and the Procurement Review Group. Hampshire County Council

Annexes:

Part 2 Annex – Scoring summary and list of recommended Contractors

Sources/background papers:

None
