

Police

Other Bodies/Individuals Paul White - Procurement

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Cabinet

Framework Contract for Building Responsive & Planned Maintenance & Minor Improvement Works

Report of the Strategic Director, Resources

Recommendations

1. That Cabinet gives approval to competitively tender, in accordance with EU procurement regulations, a framework contract for the provision of Building Responsive & Planned Maintenance & Minor Improvement Works with the new contract to be in place with effect from 1st October 2011.
2. That Cabinet notes the early termination, without penalty, of the Council's existing planned maintenance and minor improvement works contract to allow for the existing two individual contractual arrangements to be merged into one.
3. That Cabinet approves and authorises the Strategic Director of Resources to enter into all relevant contracts for the provision of a framework contract for Building Responsive & Planned Maintenance & Minor Improvement Works on terms and conditions acceptable to the Strategic Director of Resources and the Strategic Director of Customers, Workforce and Governance.

1.0 Background

- 1.1 There are currently two individual contracts in place for the Council's significant building maintenance activity:

- A term contract for the provision of Building Responsive Works
- A term contract for Building Planned Maintenance & Minor Improvement Works.

The contractual arrangements are utilised for all the Council's non schools stock and are available to be used by the majority of Warwickshire Schools (who have freedom of choice under the delegated funding arrangements).

These contracts were awarded to suitable contractors following a competitive tender exercise. **Table 1** describes the details of the current term contracts.

Table 1

Building Responsive Works	
Start date	1st October 2007
End date	30th September 2011
Duration	4 years
Building Planned Maintenance & Minor Improvement Works	
Start date	1st September 2008
End date	30th August 2012
Duration	4 Years

- 1.2 The contracts cover works from emergency reactive repairs, where for example a property has a broken window, to larger scale building improvement works such as internal alterations and refurbishments, but excluding major adaptations and rebuilds.
- 1.3 The nature of this work in nearly all cases involves the potential significant disruption to the ongoing security and continuity of the operational needs of the property and it is therefore imperative that works can either be dealt with swiftly, or planned with the agreement of the property occupier with the peace of mind that a quality contractor will be undertaking the works.
- 1.4 The current term contracts have been awarded as call-off arrangements using schedule of rates. The County has been subdivided into 3 areas. For the responsive works, 3 contractors have been appointed, each covering an area. For the planned works 2 contractors have been appointed, with 1 contractor awarded 2 areas due to this arrangement resulting in the most economically advantageous tender. The total contract expenditure will vary depending upon need, those being either planned through condition surveys or reacting to immediate needs arising from repair or health and safety requirement. The approximate annual value of works is circa £9.1 million with approximately £6.4 million (70%) relating to school expenditure.

2.0 Procurement Approach

- 2.1 Following consultation with users of the existing contractual arrangements, the preferred option to procure the works is to establish, by means of a competitive tender, under EU procurement regulations, a new 4 year framework contract to cover both the responsive and planned maintenance and minor improvement works. This will aggregate the works to ensure greater economy of scale is achieved.
- 2.2 It is proposed that the new contractual arrangements will apply from 1st October 2011. This implementation date allows for all planned works required to be undertaken during the school summer holiday period to be fully completed by the existing contractor and is coterminous with the existing responsive maintenance contract. This realignment of two contracts into one will require the early termination of the existing planned maintenance contract, this can however be undertaken without penalty subject to the required notice being provided.
- 2.3 The new framework contract will be for an initial period of 2 years with the option of up to a further 2 years extension period. It is proposed to split the

County into 3 Lots (North, Central and Southern Areas) and appoint 5 contractors per Lot, ranked in order of 1 – 5. Contractors are able to bid for more than 1 Lot, therefore the total number of contractors appointed could be anywhere between 5 and 15.

- 2.4 The total anticipated spend including schools through this contract based on historical data is expected to remain in the region of £9.1 million per annum, with approximately £6.4 million (70%) of this being schools expenditure.
- 2.5 No guarantee of business is given to suppliers. The total contract expenditure depends on a rolling programme of needs throughout the life of the contract.
- 2.6 The framework contract will be procured in a manner that will allow access for the current and subsequent members of the Coventry, Solihull and Warwickshire Property Officers Group (including Warwickshire District and Borough Councils, Coventry City Council, Solihull MBC, Warwickshire Police and Warwickshire Primary Care Trust) and other West Midlands Public Bodies. This will enable procurement on a collaborative basis, and potentially further increase economies of scale. Specific discussions have been held, and are ongoing with representatives from Coventry City Council, Solihull MBC and the Warwickshire District and Borough Councils regarding opportunities for them to participate in the procurement process. A Warwickshire school representative will also take an active role in the procurement process so as to ensure the needs of an important client base are considered.
- 2.7 Volume discount bandings will be written into the contract to take advantage of contractor's economies of scale and any additional work commissioned through the contract by other public bodies.
- 2.8 Mini competitions will be held between the successful framework contractors where it is considered appropriate to ensure best value on a project by project basis. A quality weighting will also be applied to these projects to ensure that quality is not compromised whilst seeking lowest cost.
- 2.9 Consideration has been given to a potential alternative procurement route and to award reactive works to various contractors on a time and material basis and competitively tender each planned project to market individually to appoint a supplier to carry out the works. However this has the following implications;
 - Disaggregation of our requirement which in turn will lead to compliance issues with EU procurement regulations.
 - There are a large number of orders for responsive works. There is a risk that a non contractual arrangement with suppliers will result in capacity not being available when required. With the planned works this also means a considerable amount of competitive quotation exercises.
 - Best value through economies of scale is more likely to be achieved through a Framework Contract as opposed to small value individually tendered projects.
 - The cost of managing the quality, Health & Safety and performance of any number of non contracted suppliers is prohibitive and increases WCC exposure to risk.

- The competitive tendering route to the market on individual projects is a more expensive and time consuming procurement process when the type of work is repetitive from project to project.
- Lead times for tendered projects are greater than for individual orders under framework contracts and there is no guarantee that a contractor's resources are available, which becomes a critical issue when we need them to provide a rapid reactive repair service.

2.10 Consideration and investigation has also been made into utilising existing contracts already in place for this type of work. Currently all contracts investigated do not have the facility of specific project mini competition. This has been a key area continually requested via the clients.

3.0 Potential savings for the Council

3.1 There are potential efficiencies to be gained from the proposed new framework contract model, which include;

- A consistent quality of service and quality workmanship, which provides good working relations and less burden on our internal contract management arrangements
- A more efficient use of internal resource in the procurement of projects
- Long term partnership arrangements with a supplier resulting in the Council's work having a higher priority and achieving a greater sense of loyalty in the relationship. This benefits the Council with access to a sufficient, quality resource when we require it
- Advertising a framework contract based on aggregated spend over a fixed term will provide a more attractive proposition to contractors which in turn should encourage economy of scale pricing.

4.0 Summary and Conclusion

4.1 For the effective management of the council's estate, we have a need to deliver ongoing maintenance works both planned and responsive. In addition minor improvement works are often required to our asset base to ensure that customer needs are met and that all statutory requirements are discharged. The proposed new framework contract will provide a more flexible and efficient means of delivering this requirement.

4.2 In order to maximise the efficiency of the proposed framework contract as described above, the proposal will be to enter into an initial 2 year agreement with the option of extending by up to 2 additional 12 month periods. In any event the term will be for a maximum of 4 years. This will provide a flexible approach if further procurement options, or cost benefits due to the competitiveness of the market, become evident and provide greater benefit to the Council.

David Clarke
Strategic Director of
Resources
Shire Hall
Warwick
November 2010