



Haringey Council

Agenda item:

[No.]

Cabinet Procurement Committee

On 16th February 2010

Report Title. Framework Agreement for Major Building Construction Works	
Report of Director of Corporate Resources	
Signed : <i>J. Parker</i> 3/2/10	
Contact Officer : David Mulford, 020 8489 1037	
Wards(s) affected: All	Report for: Key Decision
1 Purpose of the report 1.1 To seek Cabinet Procurement Committee approval to award framework agreements for the provision of major building construction works for buildings owned or managed by the Council and Homes for Haringey.	
2 Introduction by Cabinet Member 2.1 I note the recommendations set out in this report.	
3 State link(s) with Council Plan Priorities and actions and /or other Strategies: 3.1 The opportunity to procure long term agreements for major building construction works was identified through the Council's Category Management strategy.	
4 Recommendations 4.1 In accordance with CSO 11.03 that framework agreements for major building	

4.2	<p>construction works be awarded to those companies listed in Appendix 1</p> <p>That the framework agreements be awarded for a period of 2 years with an option to extend for a further 2 years and with an estimated total value of £20million per year.</p>
<p>5</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p> <p>5.5</p> <p>5.6</p>	<p>Reason for recommendation(s)</p> <p>Framework agreements for major building construction works of value greater than £250,000 were awarded in January 2006 for a period of 2 years, with the option to extend for up to a further 2 years. Framework agreements were awarded for a period of 2 years from May 2006 and have subsequently be extended twice. The current framework agreements are due to expire on 31st March 2010.</p> <p>The framework agreements to be awarded will be used to subsequently procure contractors for major building construction works following the expiry of the existing framework agreements.</p> <p>Works will be split between three value bands, with a separate framework agreement covering work under each band. The value bands are as follows:</p> <ul style="list-style-type: none"> • £250,000 to £999,999 • £1,000,000 to £3,499,999 • Over £3,500,000 <p>The framework agreements will provide a mechanism for the procurement of building contractors for individual projects of value greater than £250,000. Selection will either be through a mini-tender or call-off process. Selection of contractors through a call-off process will be on the basis of the most economically advantageous tender (MEAT) based on the results of the procurement process for the framework agreement and performance measured through key performance indicators (KPI).</p> <p>The use of a framework agreement will provide a robust contract management process, with key performance indicators used to monitor contractor performance.</p> <p>The framework agreement will be available to all Council directorates and Homes for Haringey following a Section 20 consultation process.</p>
<p>6</p> <p>6.1</p>	<p>Other options considered</p> <p>The Construction Procurement Group examined the option of using other public sector arrangements for the provision of major building construction works. No such arrangements exist which cover the form of contract and extent of this procurement.</p>
<p>7</p>	<p>Summary</p>

- 7.1 The procurement followed an EU tender process. A contract notice was published on 19th February 2009 via the Official Journal of the European Union (OJEU).
- 7.2 A consultant was commissioned to act as an additional resource to CPG and Council officers in the evaluation of pre-qualification questionnaires and to prepare the pricing mechanism for the tender document for the procurement. The consultant was commissioned from the Council's framework agreement for the provision construction consultants with NPS London Ltd.
- 7.3 Pre-qualification Questionnaires (PQQ) were received from 80 companies across the three value bands. The pre-qualification questionnaires were assessed by officers from CPG, the Children & Young People's Service and the commissioned consultant.
- 7.4 The 14 companies with the highest scores for each value band following evaluation of pre-qualification questionnaires were invited to tender for the framework agreement on 27/10/09. Two companies declined the opportunity to tender in the value band for works over £3,500,000 (see Appendix 1, 1.2). All other tenders were received. Thus 14 tenders were received for the two lowest value bands and 12 tenders were received for the value band for works over £3,500,000.
- 7.5 Tenders were assessed on a 60% Quality: 40% Price basis.
- 7.6 Quality evaluation was based on tenderers' responses to questions relating to their proposed delivery of the framework agreement (see Appendix 1, 1.4 for questions) and on their responses to questions relating to a project scenario provided in the tender document (see Appendix 1, 1.5). The potential marks available for each question were specified in the tender documents. The total marks awarded were converted to a percentage of the maximum marks available. This was then multiplied by 60% to obtain the quality score for each company. The quality responses were evaluated by officers from CPG and the Property & Contracts team within the Children & Young People's Service.
- 7.7 Price was evaluated using a schedule of rates submitted by each tenderer. The pricing mechanism consisted of overheads, preliminaries (site based overheads), profit and measured work items.
 - 7.7.1 Tenderers were asked to submit percentage values for overheads and profit for the different types of work that may be encountered under each value band.
 - 7.7.2 Similarly, tenderers were asked to submit rates for preliminaries, comprising a list of specified items.
 - 7.7.3 Tenderers were asked to price schedules of measured work items, i.e. defined tasks under each project scenario.
 - 7.7.4 The total prices for each of the defined scenarios were built up using figures from 7.7.1 – 3 above.
 - 7.7.5 The tenderer who submitted the lowest total price received a maximum 40% score for price. The other tenderers' received a score out of 40%.

calculated by multiplying the variation between their submitted price and the lowest price by 40%.

- 7.8 The companies with the highest overall scores following the tender evaluation are recommended to be appointed under the framework agreements discussed in this report. See Appendix 1, 1.1 for details of the recommended companies

8 Chief Financial Officer Comments

- 8.1 The recommended number of contractors per band should enable sufficient competition between contractors to deliver on-going efficiencies and provide sufficient capacity.
- 8.2 The Chief Financial Officer can confirm that the resources to monitor and performance manage the contract are built into existing procurement budgets.

9 Head of Legal Services Comments

- 9.1 The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006, allows local authorities to enter into framework agreements with contractors, and to select contractors in respect of specific projects from amongst those contractors with which it has concluded framework agreements.
- 9.2 The framework agreement to which this report relates has been tendered in the EU in accordance with the Public Contracts Regulations 2006, using the restricted procedure, a tendering procedure whereby expressions of interest are invited by advertisement in the Official Journal of the EU, with a selection of the contractors who have expressed an interest being invited to submit tenders.
- 9.3 This report is recommending award of the framework agreement to the contractors named in Appendix 1. These contractors have been selected based on the most economically advantageous tenders submitted, in accordance with Regulation 30 of the Public Contracts Regulations.
- 9.4 As the total estimated value of the contracts to be awarded under the framework agreement is likely to exceed £250,000, the proposed award must be approved by Members pursuant to CSO 11.3.
- 9.5 The award of this framework agreement is a key decision and the client has confirmed that it has been included in the Forward Plan.
- 9.6 The Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in paragraph 4 of the report.

10 Head of Procurement Comments

- 10.1 Framework Agreements provide a mechanism whereby "approved" contractors are selected but there is no commitment at this stage on the Council to place any orders.
- 10.2 When a construction need arises, Council officers invite all capable contractors on the framework to either submit a tender under mini-competition or if the nature of the works is such, a "call-off" procedure is used based on pricing schedules submitted during the initial selection process. These processes are defined within Public Procurement Regulations.
- 10.3 The new framework agreements being proposed have been competitively evaluated and provide the Council with a good range of contractors across a number of value bands that should serve the Council well over the next 2-4 years.
- 10.4 Key benefits of using framework agreements are to reduce costs for the Council and Contractors and enable quicker time to site, because 80% of the necessary contractor evaluations and pricing schedules etc are done once (at the time of selection onto the framework) and all subsequent mini-competitions or "call-offs" are project specific.
- 10.5 The framework agreements put before Members for approval offer good Value for Money for the Council and are designed to include known best practice and compliance with current legislation.

11 Equalities & Community Cohesion Comments

- 11.1 All pre-qualification questionnaires were evaluated in terms of equality and diversity. The companies to be appointed under this framework agreement have demonstrated a commitment to equalities and diversity.
- 11.2 The framework agreement will benefit all wards within the borough.

12 Consultation

- 12.1 The procurement process for the framework agreement has been undertaken in consultation with key client departments within all directorates and Corporate Legal Services.
- 12.2 The decision has been taken to enter into a Section 20 Leaseholder consultation process. The Council is obliged to consult leaseholders in accordance with the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations'). The Regulations require the Council to send two notices to leaseholders before the services are provided. In order to ensure compliance with the Regulations the Council must make an application to the Leasehold Valuation Tribunal (LVT) for a dispensation from some of the requirements of the Regulations, specifically the requirement to provide information on the value of work covered by the framework agreement in the second notice. This information will not be available due to the unpredictable nature of the work to be carried out by the framework agreement.

12.3 The Framework Agreement will not provide construction works for projects in which Section 20 leaseholder consultation may be required, until the statutory consultation is complete.

13 Service Financial Comments

13.1 The costs involved in the use of the framework agreements for future major construction works may come from external funding, revenue or capital budgets for the directorates for which work is being carried out.

13.2 The prices submitted by the successful tenderers have been assessed and are competitive against the current market. The option for the use of mini-competition for the award of work is available for projects covered by this framework agreement. This will provide further competition in terms of price.

14 Use of appendices /Tables and photographs

14.1 Appendix 1 of this report contains information exempt from public viewing. The information contained relates to the evaluation process for this procurement.

15 Local Government (Access to Information) Act 1985

15.1 Appendix 1 of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*