



**Haringey Council**

<b>Report for:</b>	<b>Leader of the Council</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Award of Construction Major Works London Construction Programme - Southern Construction Framework - works predominantly over £10m</b>
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<b>Report Authorised by:</b>	<b>Tracie Evans - Chief Operating Officer</b>
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<b>Lead Officer:</b>	<b>Hugh Sharkey/David Mulford</b>
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<b>Ward(s) affected: All</b>	<b>Report for Key/Non Key Decisions:</b>  <b>Key</b>
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## **1. Describe the issue under consideration**

- 1.1 The Award of the London lot (lot 3) of the Southern Construction Framework Agreement (SCF Framework) for construction works predominately over £10m. Commissioning Organisations can use this framework for works above £5m where two stage tendering occurs (Early Contractor Involvement).

## **2. Cabinet Member introduction**

- 2.1 This framework agreement will help to deliver key construction projects in both Haringey and for Commissioning Organisations across London
- 2.2 This unique SCF Framework agreement, which covers the whole of the South of England, is an effective example of collaborative procurement over an 18 month period. The SCF Framework is comprised of three lots. The lot which this report relates to will establish a pan-London framework agreement for works predominately over £10m from which all London Boroughs can benefit.

## **3. Recommendations**

- 3.1 That the award is made for the London lot (lot 3) of the SCF Framework for four years to those Contractors identified as in Appendix A paragraph 2.1:-



#### **4. Alternative options considered**

- 4.1 The option of using other public sector arrangements for construction major works was examined.
- 4.2 There are some frameworks currently in existence including the LHC and IESE (IESE expires 2015) (otherwise known as the South East and London (SEAL) Framework Agreement). Both of these organisations are partners in the London Construction Programme and are fully aware of the need to establish a Construction Framework Agreement which is solely for use in London. However, both frameworks do not cover the breadth or type of work or the procurement methods required for Commissioning Organisations in London. Therefore this SCF Framework Agreement has been agreed to be established at LCP board where both LHC, iESE (Hampshire County Council) and the Crown Commercial Service are members.
- 4.3 The IESE Framework agreement for South East and London which expires in 2015, will be replaced by this SCF Framework Agreement. The three lots which comprise the SCF Framework are: Lot 3 covering London, South East (Lot 2) and South West (Lot 1). For London this is for works predominantly over £10m. Commissioning Organisations however, can use this framework for works above £5m where two stage tendering occurs (Early Contractor Involvement) or where there is no requirement for Housing Leaseholder Consultation.

#### **5 Background information**

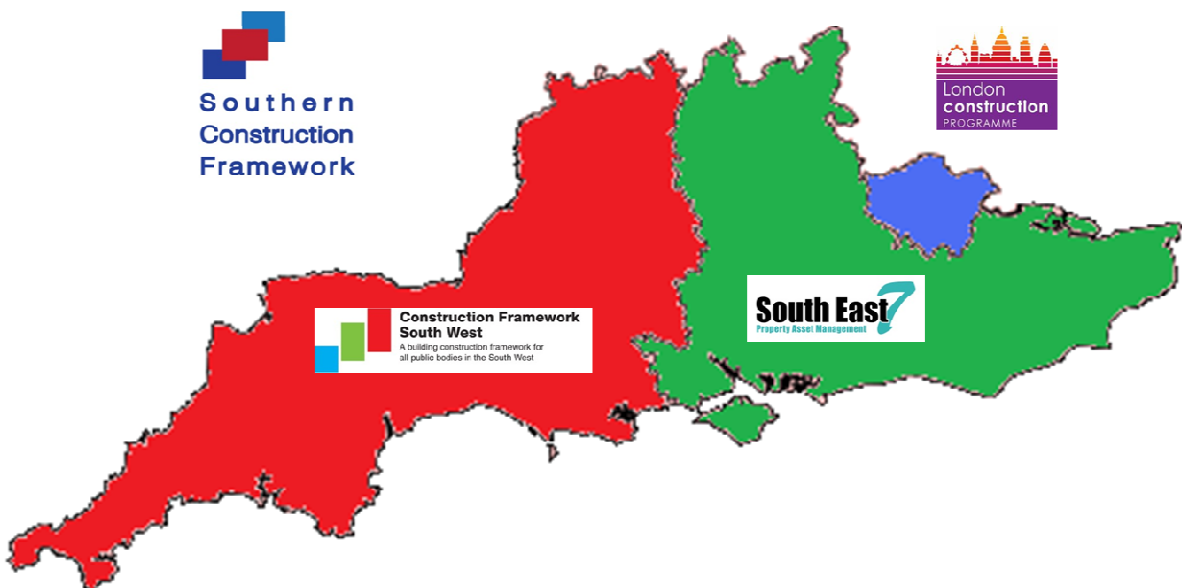
- 5.1 The London Construction Programme (LCP) was established in 2012 by Haringey Council. The LCP was encouraged and supported by London Councils, to develop a pan-London strategy to improve construction procurement. Haringey are currently leading the London Construction Programme as the Lead Authority in London.
- 5.2 LCP is a virtual partnership of various buying organisations offering procurement solutions to deliver construction projects more efficiently and effectively.
- 5.3 The various buying organisations which comprise the LCP board are currently: Haringey Council, Crown Commercial Service (CCS) (formerly Government Procurement Service (GPS)), LHC, Supply Chain Management Group (SCMG), Improvement and Efficiency South East, (IESE) through Hampshire County Council. These Organisations have agreed a pipeline of various frameworks for London.
- 5.4 Currently for London for major construction works the South East and London (SEAL)) is available for procurement of construction projects over £1m. Hampshire County Council lead on this framework. This Framework expires in April 2015.
- 5.5 This SCF Framework procurement is being led by Hampshire County Council with input from Devon County Council (lead for South West Region) and Haringey



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Council (the LCP lead). It is envisaged that the SCF Framework agreement will be operational from summer 2015.

- 5.6 This award is therefore for the London lot of the SCF Framework Agreement. Haringey Council are the awarding authority for this lot although the Framework Agreement itself will be signed by all three parties i.e. Hampshire County Council, Devon County Council and Haringey Council.
- 5.7 This procurement which covers the whole of the South of England is a close collaboration between Haringey Council, Hampshire County Council, and Devon County Council. This in part replaces the previous Council Major Works Framework Agreements for works predominantly over £10m only.
- 5.8 For London this will be for works predominantly above £10m which comply with “two stage tendering” procurement processes or do not require section 20 leaseholder consultation processes. Therefore, commissioning organisations will have a choice between the LCP Major Works Framework Agreement and the Southern Construction Framework (SCF) for works above £5m. For any other procurement method i.e two stage tendering or where Commissioning Organisations do not want to use the Southern Construction Framework Agreement then the LCP MW14 London Major Works Framework Agreement will be flexible in procurement methods and will be available to Haringey Council and other Commissioning Organisations in the Greater London area.
- 5.9 Although this will be a single framework in three lots for the South West, South East and London each region will maintain its own brand under the new Southern Construction Framework Banner. The following illustration demonstrates this approach:





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5.10 The stated aims of the three Councils in joining together to procure and manage a single framework in three lots are:

- a. Framework Team Resourcing – opportunities to seek efficiencies in the framework management and governance arrangements.
- b. Customer Status - An enlarged construction framework within the market place will increase our status as a customer within this market allowing us to push for more development of the service due to our greater buying power and influence.
- c. Breadth of Resources - There will be a greater breadth of team and technical resources to call on to manage issues and ensure higher standards are maintained.
- d. Performance - There will be a far larger pool of framework clients and this will provide an increased volume of performance information to compare and enhance performance monitoring across a wider geographical area. Government Strategy - The Government Construction Strategy includes a paper on the “Effectiveness of Frameworks”. This initiative complies with that paper. The South East has sound relationships with South West (Construction Frameworks South West – CFSW) and LCP and there is logic in progressing this.
- e. Buy In – Different sectors have previously used the arrangements in the three regions and through greater convergence, improvements and greater “buy in” can be achieved from shared best practice and lessons learned.
- f. Economic Benefit – This will be a very significantly sized framework in the UK landscape and over 4 years would likely turnover over £3 billion ensuring contractors are competitive.
- g. There is also scope to widen the benefits of an integrated supply chain offering Standardisation – of procurement and contract documentation.

### **The type of work that are covered by this Framework Agreement**

5.11 The main areas of activity will comprise individual projects or programmes for new build work and/or extensions and/or improvements and/or renovations and/or major reinstatement and repairs and/or building site infrastructure works including a range of buildings across local and central government and other Public Bodies ranging from green field to complex inner city sites. These works may also at times include drainage, roads, flood defence, contamination remediation and laying services infrastructure.

5.12 It is anticipated that this arrangement will be used for a range of projects to buildings owned or used by Government Departments and Government Agencies



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as well as other operational establishments and premises used by similar public services providers.

- 5.13 The London lot will be open to all 33 London Authorities postal areas and postal areas as defined in the project brief which was issued with the advert, plus other Public Sector Commissioning Organisations such as the Police and Fire Brigade and Registered Providers (Registered Social Landlords (RPs)).
- 5.14 Other areas of activity may include any building construction work undertaken by the participating organisations, their facilitating agencies or sub users acting with or on their behalf. Programmes are emerging from, major schools and further education programmes, the care sector, civic office developments, housing, leisure, or programmes for police and fire authorities, and major development site infrastructure.
- 5.15 The works can be new build or refurbishment, situated in green-field brown field or complex inner city sites. They include but are not limited to (as examples):
- libraries
  - social housing
  - schools (including all faith, maintained “Free” schools and Academies)
  - sport and leisure facilities
  - offices
  - further education colleges
  - police service buildings
  - fire service buildings
  - emergency services buildings
  - health service buildings
  - Recipients of local authority, regional, national or European grants
  - Third sector projects
  - social services properties
  - Social care properties
  - museums
  - infrastructure works
  - associated enabling works
  - new public sector housing developments
  - universities
  - transport building/facilities
  - community buildings
  - Economic developments
  - Central government department developments
  - Extra care housing
- 5.16 Exclusively major civil engineering works such as highways, major bridges or coastal works will not be included (unless as part of enabling works aligned with a significant Southern Framework construction project).
- 5.17 The framework contractors can be called on to provide additional services such as feasibility studies, project management services, construction management



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services and advice for both pre-construction and construction phases, design support and pre construction advice to enable effective implementation of schemes and to deliver quality, and post handover support and advice. Stand alone consultancy services and civil engineering works that may arise will be of a peripheral nature only to the main subject of this Framework Agreement.

- 5.18 It is proposed that eight contractors be appointed to the London lot to deliver construction projects primarily over £10 million with no upper limit. There will therefore be an overlap with the LCP Major Works Framework Agreement (MW14) £5m - £10m value band framework, thus allowing Commissioning Organisations undertaking works between £5 million and £10 million to choose to tender on either the LCP £5m - £10m framework or the SCF (but not both). This can also enable programmes of work to be better balanced between the two frameworks.
- 5.19 The SCF Framework Agreement is subject to a levy process which comprises an immediate subscription fee and approximately 0.15% of each project value which will be used to help to cover the cost of monitoring by the central team in Hampshire. It is expected that Haringey will receive some of these monies depending upon the throughput of work in London to help cover Haringey Council's costs incurred in setting up the Framework Agreement and operational costs for lot 3.

### **Procurement Process Used**

- 5.20 The procurement process for this unique SCF Framework Agreement is led by Hampshire County Council who set up the previous SEAL Framework Framework Agreement.
- 5.21 The Southern Construction Framework Agreement opportunity was launched by the publication of Prior Information Notice in the Official Journal of the European Union on 19th March 2014 followed by a Contract Notice.
- 5.22 Pre-Qualification Questionnaire (PQQ) responses were received on 1st July 2014 and evaluated.
- 5.23 Those organisations who were successful at PQQ stage and (subject to sufficient numbers) ranked in the top 20 for each lot, were short listed for tendering and an invitation to tender was sent to these organisations on 26th September 2014 The tender evaluation for the three regions lots was carried out by on the basis of a Quality 65% and Price 35% and evaluated across the board to enable consistency in scoring.
- 5.24 Although this Framework Agreement has been advertised for a term of four years there is no obligation for Haringey or other Commissioning Organisations to use the Framework Agreement.
- 5.25 Tenders were received by electronic tender at Hampshire County Council on 5<sup>th</sup> November 2014.



- 5.26 An evaluation panel comprising representatives from Commissioning Organisations across London, the South East and the South West evaluated the tenders. The quality evaluations were based upon key questions around the Framework strategy and objectives.
- 5.27 The price evaluation was carried out by Hampshire County Council. The Form of Tenders received provide an average percentage value across Overheads and Profit, Pre construction fees, design fees, post construction fees and the construction of primary and secondary school buildings, therefore the framework can deliver complete education buildings as required.
- 5.28 Clarifications were required from each tenderer where these were applicable. These clarifications were related to pricing items.
- 5.29 The prices are deemed to be competitive in the current market and can be challenged further within the mini competition for a project appointment as they are “not to exceed” rates.
- 5.30 The final/quality price matrix for the successful contractors is as detailed in Appendix A paragraph 2.1.

## **6. Comments of the Chief Finance Officer and financial implications**

- 6.1 The Chief Financial Officer confirms that award of contract does not commit the Haringey or any of the participating local authorities to any minimum level of work over the proposed 4 year period.
- 6.2 A schedule of rates has been received as part of the tenders generated to allow direct call off where applicable. Mini competitions will predominately be held between those successful from each of the various lots (within the framework) for each project which should challenge prices throughout the period of the contract.

## **7 Assistant Director of Corporate Governance Comments and legal implications**

- 7.1 Hampshire County Council has confirmed to the Council that the SCF Framework Agreement was procured, in accordance with the Public Contracts Regulations 2006 (as amended).
- 7.2 This is a Key Decision and the Service has confirmed that it has been included on the Forward Plan.
- 7.3 As the value of the call-off contracts under lot 3 of the SCF Framework will exceed £500,000 the recommendations in this report may only be awarded by Cabinet or in between Cabinet meetings by the Leader of the Council pursuant to CSO 16.02.



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- 7.4 The Assistant Director of Corporate Governance sees no legal reasons preventing the Leader of the Council from approving the recommendations in the report.

## **8 Equalities and Community Cohesion Comments**

- 8.1 Equalities are considered as part of the Pre-qualification Questionnaire which applicants had to respond to enable them to be on the short list for each lot of this tender.
- 8.2 Equalities will also be considered as part of a construction project as it is designed.

## **9 Head of Procurement Comments**

- 9.1 The Framework Agreement is being established for possible use by all London Authorities and relates to construction works and the appointment of building contractors across London.
- 9.2 The Framework Agreement was advertised in Official Journal of the European Union (OJEU) and all lots are due to be awarded and made available for use from March 2015,
- 9.3 The Framework Agreement itself has been setup with various social value aspects including employment, skills and apprenticeships across Haringey and London. Sustainability standards such as the Council's timber policy and the Freight Operator recognition scheme will be expected to be adhered to by contractors where applicable.
- 9.4 Haringey Council's existing contractor's framework agreement expired in June 2014. This new Framework Agreement will provide crucial ongoing building contractors for various projects across Haringey and London within the Public sector. Since June 2014, these were sourced through Constructionline and the South East and London Framework Agreements.

## **10 Policy Implication**

- 10.1 The need to procure long term frameworks up to a maximum of four years is identified as part of the category management process for Construction, FM and Public Realm.
- 10.2 This framework agreement will enable projects to be built which will enhance the local communities by constructing facilities across the range of Council services.

## **11 Reasons for Decision**

- 11.1 To enable a vehicle for future building contractors to be procured for future projects without the need to further pre qualify.



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**12 Any other considerations**

None

**13 Use of Appendices**

Appendix A exempt Information.

**14 Local Government (Access to Information) Act 1985**

14.1 This report contains exempt and non exempt information. Exempt information is under the following category (identified in amended schedule 12A of the Local Government Act 1972) S (3) information relating to financial or business affairs of any particular person (including the authority holding that information).



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