

Cabinet – 16 July 2008

Property Procurement and Contracting Strategy

Portfolio: Councillor Adrian Andrew, Deputy Leader & Regeneration

Service Area: Property Services

Wards: All wards

Forward Plan: Yes

1. Summary of Report

This report seeks to update Cabinet on Property Services' strategy for procurement and contracting including procuring a range of measured term, framework contracts for construction related works and services and to obtain approval to the delegation of authority to the Executive Director or Assistant Director of Neighbourhoods for the acceptance of tenders as shown in **Appendix A**.

2. Recommendations

Cabinet are recommended to approve the delegation of authority to the Executive Director of Neighbourhoods in consultation with the Portfolio Holder, to accept tenders for the tenders shown on **Appendix A** of this report.

3. Background Information

In September 2006, Cabinet approved the use of framework contracts for consultants and contractors for a range of construction and consultant activity.

Property Services has subsequently developed a detailed procurement and contracting strategy which will enable improved efficiency and provide flexibility in resources and response times. The strategy addresses the main service needs and is also flexible to changing circumstances. The strategy identifies the main contracting and consulting activities arising within the services delivered by Property Services.

The proposals introduce a number of contractual and service delivery improvements that have not existed in earlier contracts, such as several key performance indicators and 24-hour emergency services. The proposals will eliminate costly and time consuming procedures required in single project tendering.

The proposals follow the principles of Rethinking Construction, and in certain instances will make use of framework contracts already in place such as those provided to Local Authorities by the Office of Government Commerce (OGC).

Generally contracts will have a maximum duration of 3 years; however each one will be reviewed for its performance annually. None of the contracts will offer guarantees of work or will exclude the authority procuring other projects separately if it requires.

The strategy includes:

a. Construction consultancy services:

This will enable resources to be available to support in house teams. Services will be provided through Lead Consultants who have the capacity to provide multi-disciplinary resources such as Architects, Structural & Civil Engineers, Quantity Surveyors, Planning Co-ordinator, etc. Individual discipline contracts will also be available to satisfy different circumstances.

b. General Building Maintenance and Minor Works Contracts:

General building work will be provided through a general contractor having the capacity to provide an overall maintenance service. The contract will be based upon a National Schedule of Rates for non-domestic buildings applicable to responsive and planned maintenance projects.

The contract will contain a number of contractually recognised work priorities such as 1 hour response time, and other intermediate priorities up to 28 day response with on going programmes. The contractor will provide a 24-hour, 7 day per week service throughout the contract period. There will also be a number of Key Performance Indicators to enable the contractor's performance to be monitored.

c. Electrical and Mechanical Services, Installations and Maintenance Contractors:

There will be up to 3 contractors to provide electrical and mechanical services. The contractors will provide a 24-hour, 7 day per week service throughout the contract period. Service Contracts for specialists such as servicing fire alarms and fire fighting portable equipment, etc. will be engaged separately using a similar process.

d. Individual Contracts:

A number of contracts for complete renewals of specific building fabric elements have not been included in the proposed maintenance contracts. As these works are not of a general building nature, they are best undertaken directly by specialists rather than subcontracted. The works do not constitute a large element of recurring maintenance work and are mostly directly affected by capital programmes and budgets which are limited in the

foreseeable future. It is proposed that these contracts will be dealt with individually.

e. Statutory Testing and Specialist Works/Services:

This list of testing requirements is shown in **Appendix A**. These contracts will support the use of the Council's Building Log Book and will assist the Council in ensuring that it meets its statutory obligations regarding inspections of its property portfolio.

f. Larger Capital Projects:

The Council currently procures larger building construction works either with individually tendered works or using the SCAPE national construction framework. To supplement this, the procurement strategy includes the development of a collaborative construction framework with the other Black Country authorities. This framework would enable the delivery of elements of the Primary Capital Programme and other larger schemes, and benefit from the greater purchasing capacity of a collaborative procurement.

There are significant advantages for the Council in adopting this procurement strategy:

- Fewer overall contracts would be tendered, and fewer quotations need to be obtained, enabling resources to be focused on customer needs and service delivery.
- An increased level of auditability
- Improved time and cost predictability
- Improved response time from works request to works on site will be greatly reduced.
- Increased availability of resources
- The development of quality assurance and customer care in partnership with contractors and consultants.

Current progress on the strategy includes the tender of the General Building Maintenance and Minor Works contract, and the tendering of 16 individual disciplines of building construction consultants. It is intended that the majority of the procurement will be completed in the 2008/09 financial year

4. Resource Considerations

These proposals will substantially reduce the quotation/tendering process and time frame enabling work on site to begin promptly. This efficiency will enable greater focus on delivery of essential services and customer care.

The simultaneous introduction of Property Services' electronic asset management system, interfaced in part to the Council's financial system (Oracle) will provide efficient ordering and payments systems along with additional

modules of asset management functions that will secure improved project management and performance data.

- 4.1 **Financial:** The development of the procurement and contracting strategy is included within existing budgets.

Property Services will, on behalf of their clients, be able to access a professional advisor or/and contractor, enabling works to the value of £100k to be ordered without the need for further quotations or/and tenders, and in exceptional circumstances to place orders up to £250k.

- 4.2 **Legal:** The proposals conform to EU and UK Law, and also Walsall Council's finance and contract rules.

Legal Services, Financial Services, Audit and Corporate Procurement have been consulted in the development of this strategy.

- 4.3 **Staffing:** The proposals will enable more efficient use of the Council's professional, technical and support staff employed within Property Services, by introducing measured term contracts using schedules of rates to numbers of contracts with re-occurring work content.

5. **Citizen Impact**

The proposals will deliver improvements in overall efficiency, speed of response and service delivery. This will minimise the down-time or closure periods of buildings affected by maintenance work. The contracts will also will improve the condition of the building stock and assist in assurances that statutory requirements are met. These measures will benefit our citizens making use of Council buildings.

End users of the services provided through these contracts will regularly be invited to participate in customer satisfaction surveys that will be taken into account in the development of the service.

The strategy includes the advertisement of contracts as determined by legal requirements. This will result in a combination of contracts being let by EU procedures or via local/national adverts or selected from the Council's approved lists. Additional notification will be provided to current providers and workshops will be held with the intention to highlight opportunities to interested parties including the local economy who may wish to take part as main contractors or as sub-contractors/suppliers within the supply chain.

Within the standard contract/tender documentation, contractors are required to provide placements for work experience for year 9 and 10 students from Walsall schools for each and every year of the contract. The ratio of numbers of placements is relative to the size of the contracts.

Contractors will be required to provide trainee/ apprentice training throughout the contract. The ratio of numbers of placements is relative to the size of the contract.

6. Community Safety

All contracts will include high standards of Health & Safety. The standards will be consistently applied and monitored as one of the Key Performance Indicators that will enable benchmarking of performance against other similar organisations and influence, year on year improvements.

The long term contracts will enable improved management of other areas of safety e.g. all contractor employees will undergo Criminal Record Bureau Checks and carry details on their ID at all times; the contract stipulates minimum standards for Health and Safety training for items such as Asbestos Awareness, etc.

7. Environmental Impact

All contracts include standards and requirements from contractors relative to the current environmental law, council and company policies and the practical nature of the service delivery requirement. The standards will be consistently applied and influenced where such items as inclusion of sustainable materials in the works, re-cycling and off site tipping, etc. are involved.

8. Performance and Risk Management Issues

8.1 Risk

The proposals will significantly reduce the risk of non-compliance with procurement regulations, including EU and the Council's financial regulations. The risks eliminated will include contract aggregation and inadequate contractor rotation.

8.2 Performance Management

In order to monitor Key Performance Indicators and order/invoices data, a common methodology has been included in all contract/tender documents. This will greatly improve the provision of information and data.

Monitoring of key performance indicators has been built into the contractual terms of the proposed contracts in order to ensure that building and engineering work will be delivered on time, within budgets and to a qualitative standard across all contracts.

9. Equality Implications

All procurement will involve evaluation of contractors using the West Midlands Forum Common Standard for Equalities in Council Contracts. Failure to meet this standard will exclude contractors. An equality impact assessment will also be undertaken

10. Consultation

Consultation has taken place with the Portfolio holder, the Executive and Assistant Directors of Neighbourhoods, clients, Financial and Legal Services and Corporate Procurement, the latter having assisted in inserting elements of the procurement processes.

11. Background papers

Cabinet report - Partnering and Framework Contracts 27 September 2006 which was agreed and approved on 8 November 2006.

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7 July 2008



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