

Cabinet – 12 September 2012

Property Services Procurement

Portfolio: Councillor A Andrew, Deputy Leader, Regeneration

Related Portfolio: Councillor M Arif, Business Support Services

Service: Property Services

Wards: All Wards

Key decision: Yes

Forward plan: No

1. Summary

- 1.1 In line with the Council's corporate priorities and plan ensuring business continuity and delivery of services which put the customer at the centre of our activities, action is required to establish continued access to certain building maintenance and building related works.
- 1.2 Cabinet are requested to authorise delegated authority to the Executive Director, Regeneration to on behalf of Walsall Council, enter into the Constructing West Midlands framework contract for limited use only, committed on a job by job basis, for specific maintenance and building related works.

2. Recommendations

- 2.1 That Cabinet delegate authority to the Executive Director of Regeneration in consultation with the Portfolio Holder for Regeneration to on behalf of the Council, enter into the Constructing West Midlands framework contract for limited use only, committed on a job by job basis.

3. Report detail

- 3.1 In September 2006, Cabinet approved the use of a combination of methods of procuring and contracting various construction related activities managed by Property Services. The report included various levels of EU compliant framework contracting, as well as levels of measured term call off contracts and individual project tendering.
- 3.2 In July 2008 a further Cabinet report was submitted where approval was given to further detailed Procurement and Contracting Strategy which included framework contracts for maintenance and minor works of a general building nature,

separately for a range of various professional consultants and a number of other contracts to be procured via local and, in some cases, specialist companies.

- 3.3 Since the two previous reports, circumstances within local authorities have clearly changed and budgets are largely affected by austerity measures as well as by unpredictable trading issues involving potential academy transfer of schools. There have also been a number of clients requesting variations in service delivery, etc and some of these changes coincide with the end of a number of existing framework contracts.
- 3.4 Property Services has subsequently begun the development of an updated procurement and contracting strategy in order to provide value for money property related services which meet customers' needs. In advance of consultation and presentation of this strategy action is required to maintain service continuity related to Building Maintenance and Minor Works.
- 3.5 The current Building Maintenance and Minor Works Contract was procured as a unique Walsall Contract following the requirements of the Public Contract Regulations 2006 (as amended) and after final evaluation MITIE Property Services Ltd was appointed as main contractor. The period of this contract expires in September 2012 and there is no legal opportunity to extend this contract further.
- 3.6 Due to the high cost of investment of time and resources required to complete a new compliant procurement process to replace the existing Building Maintenance and Minor Works contract, balanced with the unpredictable changes in customer requirements and the council at this stage, a number of EU compliant alternatives have been considered. These must be legally accessible Framework Agreements to the Council that have been procured and established by other organisations and these are described below:
- Scape System Build Ltd (SCAPE) is a Local Authority controlled company wholly owned by Derby City, Derbyshire County, Gateshead, Nottingham City, Nottinghamshire County and Warwickshire County Councils in equal shares.
 - Government Procurement Service (GPS)
 - Constructing West Midlands (CWM)
- 3.7 Each of these is alternatives is reviewed in more detail below.
- SCAPE – Whilst available for larger capital projects Walsall Council is precluded from using any of the regional maintenance frameworks because these are only available to public sector organisations which are within the geographical boundary of the East Midlands Property Alliance.
 - GPS - Another alternative source of pre-tendered public sector framework contracts, these frameworks do not have a baseline schedule of rates which is ready to use. In order to make use of these frameworks it is necessary to undertake a mini competition between some of the suppliers on the framework and then select supplier(s) based on their response.

- CWM - The Constructing West Midlands frameworks are a series of contracts let by Birmingham City Council and managed through their wholly owned company, Acivico. These frameworks are based on the National Schedule of Rates, having been tendered in compliance with the Public Contracts Regulations 2006 (as amended) and have been awarded by a best value option. The specifications and schedules are suitable for the purpose of replacing the existing contract. The awarded contractors are MITIE Property Services Ltd ("MITIE") and Kendrick Construction Ltd ("Kendrick").

3.8 Access to use of the CWM framework is consistent with the EU contract notice 2010/S219-335780 (11.1.5) stating that *"Other contracting authorities wishing to access the framework will have the opportunity to select a Contractor / Contractors from the Lot that best aligns with their specific requirements in terms of work content and geographic location, as well as consideration of cost and Contractors' achievements against defined performance standards"*

3.9 The cost of utilising the CWM contract for Walsall Council does involve a fee payable to Birmingham City Council that is based on a one-off payment of £2,000 required to join the framework and a further fee based on the aggregated volume value of work orders place within it. The maximum cost in any one year period is anticipated to not exceed £8,000. These figures will be covered by existing budgets.

3.10 The advantages of utilising this framework are:

The council has the option to utilise the services available under the contract:

- With either of the two appointed contractors or both
- To place orders at any time within the contract period
- To withdraw from the contract at any point in time without penalty
- To limit commitments for works and services on a job by job basis without further specific commitment to work type or value,
- The procurement of this contract is compliant with the Public Contract Regulations 2006 (as amended)
- Use of the contract is compliant with the council's Financial Regulations and Contract Rules
- No further procurement exercise would be necessary.
- The contractors are Constructionline and Contractor's Health & Safety Assessment Scheme (CHAS) approved
- The contract contains a number of contractually recognised work priorities such as:
 - 24-hour, 7 day per week service
 - 1 hour response time
 - Intermediate priorities up to 28 day response
 - Time limits for specific programmes
 - Key Performance Indicators, monitoring the contractor's performance

3.11 PROPOSALS

The proposal is as follows:

(i) Building Maintenance and Minor Works Contract

Upon the expiry of the current contract with (September 2012) to make limited use of the CWM work categories for response times up to 48 hours and out of hours works/services. Other works/services limited to situations arising where alternative means and timing of procurement would have a detrimental effect on delivery of a particular project.

For information historical spend is as follows:

Estimated value per annum based on 1st August 2011 - 31st July 12

Priority 1 – 2hour response= 459 orders @ £92,125.48

Average value per order £200.71

Priority 1 – 5hour response= 265 orders @ £69,047.08

Average value per order £260.56

- 3.12 In advance of presentation of a more developed strategy for property related procurement Property Services will continue to achieve best value for money on behalf of the council using evaluation models and monitoring procedures incorporated in tender documents, and to keep pace with government, local authority and private sector bodies affecting these issues.

As part of the customer review process undertaken with schools on the traded services delivery via Property Services, the requirement is for a flexible compliant service delivered locally, that considers the needs and requirements of schools.

4. Council priorities

- 4.1 The continued work of Property Services will enable the building and construction work to be delivered to meet customer's needs and put the customer at the centre of our service delivery as outlined in the corporate plan, complying with European competition requirements and increasing the amount of work offered to local companies.

5. Risk management

- 5.1 The proposals will continue to manage the risk of non-compliance with procurement regulations, including the Council's Financial Regulations and Contract Rules. All contractors and consultants will be reviewed for Constructionline and CHAS accreditation where an appropriate work/profession category exists.

6. Financial implications

- 6.1 The flexibility within the proposed procurement and contracting strategy provides for all work types within existing budgets and seeks to deliver value for money for these services.

7. Legal implications

- 7.1 The proposal would be compliant with both the Public Contract Regulations 2006 (as amended) and the Council's Contract Rules. Legal Services and the Procurement team will need to be consulted in relation to accessing and utilising the CWM Framework Agreements to ensure continued compliance.

8. Property implications

- 8.1 The strategy provides the potential to increase the level of delivery of robust property procurement and contracting utilising numbers of options for the employment of contractors and consultants carrying out works and services on Council buildings.
- 8.2 Most of the projects dealt with under this report involve agreements between Property Services and a particular client service within the council and therefore there is a limited direct interface with the public, however since most of the work is carried out on, or is relative to, buildings providing public use then citizen impact is considered in project designs and their delivery, accounting for improvements in buildings/services and environments available to citizens of the borough.

9. Staffing implications

- 9.1 The proposals do not require staff additions, but do provide staff with various options with the potential of increasing efficiencies.

10. Equality implications

- 10.1 All procurement and contracting activities will be carried out in compliance with the legislative and council requirements and will be applied with the highest standards of integrity and ensure non-discriminative fairness in council contracts.
- 10.2 Equality impact assessments will be undertaken where required.

11. Consultation

- 11.1 Consultation has taken place with the Portfolio holder, the Executive and Assistant Directors of Regeneration, clients, Financial and Legal Services and Procurement.

Background papers

Cabinet report - Partnering and Framework Contracts 27 September 2006

Cabinet Report - Property Procurement and Contracting Strategy 16 July 2008

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