1 RECOMMENDATIONS

It is recommended that the Committee:

(i.) note the indicative estimated overall cost of £14,000,000 for urgent repair and jobbing works for the three year period 2012 to 2015 with provision for extensions to 2017 (at outturn prices);

(ii.) approve the procurement authority, as contained in this report, in accordance with the process stated in section 16.8 of the Financial Regulations;

(iii.) authorise the Head of Property to negotiate with and appoint contractors from other contract areas where a deficiency of contractors arises in a given trade category and contract area due to circumstances outwith the control of the Council, and to empower the Head of Property, where appropriate, to recover all additional costs incurred as a result of such action from any defaulting contractor who has contributed toward such a deficiency on the understanding that the outcome of all such negotiations are subsequently reported to Committee;

(iv.) note the financial implications included in Section 5 of this report.

2 INTRODUCTION

The current Urgent Repair and Jobbing term contract for the maintenance of properties (excluding Council Housing) commenced on the 1 April 2007 and is due to expire on the 31 March 2012. A new contract is required to continue the annual repair and maintenance regime for minor works.

This report details the funding arrangements and procurement process for the Term Contract for Urgent Repair and Jobbing Contracts – Maintenance of Properties 2012 to 2015 (with provision for extensions to 2017) that fall within the procurement authority requirements contained in Financial Regulation (FR) 16.8. Approval of this report would mean that, subject to the overall costs following receipt of the tenders being value for money then, the contract and further extensions to the contract can be accepted without approval by the relevant Committees. This procurement is not considered to be a “major procurement” in accordance
with the new arrangements therefore tender evaluation and award information reports will be provided to the Head of Finance as required by FR 16.8.6.

3 SCOPE OF THE CONTRACT

The contracts will run from the 1 April 2012 to 31 March 2015 with provision for annual extensions up to the 31 March 2017. Contractors will be appointed on a trade and burgh basis and where possible reserve contractors will be put in place. Individual orders for works which are of an urgent repair, minor alteration or maintenance in nature will be placed with the appropriate appointed contractor. The maximum value of any order is restricted to £20,000, unless approved by the Head of Property in accordance with Appendix 1 - Procurement Arrangements & Delegated Authority contained in the Financial Regulations.

The contracts allow for revisions to the prime cost of labour, materials and plant as they arise for each trade based on the definitions in the contract documents which are adjusted by the relevant tender rates. These revisions apply when the labour, material and plant rates are adjusted by the appropriate national body and will run from 1 April 2012 until 31 March 2015. The contracts will include an option for extensions for up to 2 years periods up to 31 March 2017. The contracts will also incorporate a termination clause whereby the contractor’s employment can be determined after 12 months following receipt of notice by either party.

4 PROCUREMENT AUTHORITY

Objectives

The proposed Term Contract for Urgent Repair and Jobbing Contracts Maintenance of Properties are a continuation of existing contract practice which have been ongoing for many years and demonstrates the commitment to maintaining and repairing the Council’s properties. The procurement of these contracts ensures that urgent minor repair and maintenance works type can be carried out quickly by an appropriate contractor.

These contracts allow the Council to order minor works up to £20,000 in value in an efficient and flexible manor. The tender packages include in the region of 24 separate trades which are split into the seven Angus burghs and contractors can tender for one trade in one burgh and any other combination up to all trades in all burghs. This split ensures that a range of contractors from large firms to small to medium enterprises (SME’s) can be considered as part of the contractor selection and tendering process. The contract documents will incorporate amendments to better fulfil the Council’s commitment to pay valid invoices within 30 days of receipt.

Programme

It is anticipated that the procurement process will begin in August 2011 with the placing of an advert for the proposed supply on the Public Contracts Scotland web portal. The subsequent tenderer selection process will be carried out in accordance with the Financial Regulations and appropriate EU Regulations as the estimated overall contract value is in excess of the EU Procurement threshold for construction works.

The Head of Property will additionally be taking action to notify local contractors, whether current and prospective, of the opportunities presented by these contracts, in accordance with FR 16.4 Community Benefit and Sustainability.

Following the finalisation of the list of tenderers, tender documents are to be issued in November 2011 and returned by late December 2011. Once the tenders have been assessed, acceptances shall be issued to the contractors who provide the lowest and second lowest figures once their tender rates are applied to the model account by February 2012. The
contract is anticipated to be in place from 1 April 2012. The contract period is three years and would be complete by 31 March 2015.

An option will be in place for annual extensions to the contracts up to the 31 March 2017.

Procurement Options

The council has a number of procurement options available to carry out repairs and maintenance type works. These range from producing individual tenders, issuing Schedule of Rates orders and requesting quotations.

The Urgent Repair and Jobbing Contract procurement process has evolved over a number of years and the Property division’s experience in operating this type of contract had led to the identification of trades which it is considered beneficial to procure on an ‘actual time spent, materials and plant used’ basis and trades which are procured on a ‘schedule of rates’ basis. The Jobbing Contract documentation is based on a bespoke contract containing a specification and where appropriate, a ‘schedule of rates’ section which allows orders to be issued for small items of works efficiently and quickly. These orders are generally for minor repairs and maintenance items to the various types of non-housing buildings which are the responsibility of Angus Council. These contracts incorporate standards of performance and performance assessment which are reviewed by the Property division; clients and contractors.

Due to the range of types of buildings which are the responsibility of the council and the small monetary value of the majority of the orders issued the application of the ‘actual time spent’ procedure ensures that the claim for the works is dealt with on a straightforward and efficient basis. The trades which are procured on a ‘schedule of rates’ basis have a manageable number of ‘rates’ relating to the type of work they carry out and these can be easily selected by the contractor or contract administrator. The trades which benefit from the ‘schedule of rates’ option are glazing and data/voice cable installations where there is a higher level of repetitive work that can be generically costed.

The use of other methods of procurement for works which are generally of a small monetary value would lead to the constant issuing of tendering/quotation documentation which would be an inefficient use of the staff resources available.

Previously the term contract for Urgent Repair and Jobbing Contracts was awarded to one contractor for each burgh/trade but due to the large number of trades and areas this lead to issues with workload and continuity of work if contracts were determined due to performance issues or receivership. To manage the risk to the Council, where appropriate based on value for money, a standby contractor will be appointed in each burgh/area. The standby contractor, who is more expensive, will only be used where the first contractor is unable to meet workload deadlines.

Following previous experience a three year contract with the option for extensions is the most beneficial to the Council in this case. It ensures a break in the contract where the decision can be taken to renew a contract based on a contractor’s performance. It also allows for a re-evaluation of the tender rates taking into account the impact of financial adjustments permitted by the conditions of contract.

As with the previous contracts Angus College and Tayside Contracts have collaborated with Angus Council and the Property division administers the contracts on their behalf. Further Collaborative procurement opportunities are being investigated on an ongoing basis with the Tayside Procurement Consortium. The recommended procurement process would be capable of accommodating the requirements of other public bodies provided they did not significantly affect the project programme. The opportunity could be taken to migrate to an alternative collaborative procurement process, if available, should any contract be determined or at the conclusion of the initial three year contract period.
It is the recommendation of the Head of Property that the most appropriate procurement option for delivering this project in the established timescales and to deliver the stated objectives is to utilise the approach detailed above.

This will ensure that Angus Council has complete control of the procurement process thereby obviating any delays; ensure that the project will fulfil client requirements and use the experienced resource already available within the Property division.

The Head of Finance is satisfied that the chosen procurement strategy will deliver these objectives and that this procurement is not considered to be a ‘major procurement’ within the meaning of FR 16.8.4.

**Whole Life Costing**

In accordance with standard practice the Property Division has integrated whole life costing within its best practice design approach to all projects. The type and extent of the works procured under this contract are not appropriate for the direct application of whole life costing techniques.

Due to the nature of the contracts it is not possible to identify sufficient materials with a high recycled content. Therefore the target of 10% by value of recycled content in property related construction projects valued over £1 million cannot be achieved on a measurable basis. The Property division will ensure that, where possible, any material specified includes an element of recycled content.

The specification has also incorporated the Sustainable Timber Policy approved by the Corporate Services Committee on the 23 October 2008 (report 1040/08 refers) ensuring that all timber or timber materials required for this contract will be from sustainable sources.

**Contract Award basis**

The completed tenders returned to the Council will be evaluated and the contracts will be awarded on the basis of the lowest price weighting in each burgh/area once the contractors tendered rates have been applied to the model accounts, in accordance with the conditions of contract. Standby contracts will be evaluated on the same basis and awarded to the second lowest priced model account.

The model accounts will included values based on an extract of the value of labour, material, plant and schedule of rates items (where appropriate) from orders raised under the previous term contract for different burghs/areas. The contractor applies his percentages/rates to these amounts which will then provide a tender price weighting which is used to evaluate and compare the various tender returns.

**Risk Management**

An assessment has been undertaken for this procurement and other than the normal risks inherent in tendering contracts of this size and complexity, no other significant risks have been identified. The Property division has extensive experience of procuring contracts of this nature in a timely manner and every measure will be taken to ensure that these contracts are effectively managed.

### ALLOWANCE IN ESTIMATES AND FINANCIAL IMPLICATIONS

The estimated total cost for works carried out under the Term Contract for Urgent Repair And Jobbing Contracts – Maintenance Of Properties (Excluding council housing) 2012 to 2017 including extensions is £14,000,000. This figure is based on the costs associated with orders issued under the previous contract by burgh/area and adjusted for possible future year costs.
As this contract does not relate directly to a project and is only used to 'call-off' orders for works when necessary no specific budget or allowance in estimates is identified. Works ordered under this contract are subject to the level of resources available to the Council but are usually funded from various sources including Planned Maintenance, Unplanned Maintenance, Insurance and Client Revenue budgets.

6 HUMAN RIGHTS ACT IMPLICATIONS
There are no Human Rights Act implications specific to this report.

7 EQUALITIES IMPLICATIONS
The issues dealt with in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

8 CONSULTATION
The Chief Executive, the Head of Law and Administration and the Head of Finance have been consulted in the preparation of this report.

9 CONCLUSION
The Committee is recommended to:

(i.) note the indicative estimated overall cost of £14,000,000 for urgent repair and jobbing works for the three year period 2012 to 2015 with provision for extensions to 2017 (at out turn prices);

(ii.) approve the procurement authority, as contained in this report, in accordance with the process stated in section 16.8 of the Financial Regulations;

(iii.) authorise the Head of Property to negotiate with and appoint contractors from other contract areas where a deficiency of contractors arises in a given trade category and contract area due to circumstances outwith the control of the Council, and to empower the Head of Property, where appropriate, to recover all additional costs incurred as a result of such action from any defaulting contractor who has contributed toward such a deficiency on the understanding that the outcome of all such negotiations are subsequently reported to Committee;

Colin McMahon
DIRECTOR OF CORPORATE SERVICES
BACKGROUND PAPERS

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above report.

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