

NORTH LINCOLNSHIRE COUNCIL

**SAFER, GREENER AND CLEANER PLACES
AND
INVESTMENT, ASSETS AND EMPLOYMENT
CABINET MEMBERS**

PROCUREMENT OF CONSTRUCTION AND HIGHWAYS RELATED PROJECTS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve the procurement plan for the renewal of the Construction and Highways Framework that expires in May 2018.
- 1.2 The key points in this report are:
- Contract Procedure Rules require that Cabinet Members approve procurements over £1m in whole life cost.

2. BACKGROUND INFORMATION

- 2.1 The council procures a significant volume of construction related work each year. The work is mainly property and highways related. This accounts for annual spend of typically in excess of £20m. As such, achieving best value in procuring this work is essential.
- 2.2 In 2014, the council decided to put in place a framework arrangement to cover this work. The framework included a number of discrete lots. Details are set out in appendix 1. The current framework is due to expire in May 2018. We need to commence the work required to replace the current arrangements.
- 2.3 Over the last three years, the framework has yielded a number of positive outcomes. These include:
- Above average nationally benchmarked key performance
 - Excellent value for money
 - Over 50% of framework contractors are locally based
 - Various social benefits including but not limited to employment/skills and apprenticeships
 - Modern procurement techniques
 - Delivery of the capital and revenue works programmes
 - National recognition for best practice via the Government Opportunities Awards 2016
- 2.4 The council is required under the Public Contracts Regulations 2016 to have suitably compliant arrangements in place for the delivery of construction related works projects when the current framework expires.

3. OPTIONS FOR CONSIDERATION

- 3.1 The recommendation is for the Cabinet Member to approve that work is put in hand to procure an enhanced version of the current framework arrangement.
- 3.2 Officers considered a number of other options as potential alternatives. These included:
- Continuation of the current framework model
 - Use of a regional/national framework
 - Sole/dual provider
 - Hybrid of current framework model and use of a regional/national framework

4. ANALYSIS OF OPTIONS

- 4.1 The current framework arrangements have in the main served the council well and yielded a number of positive outcomes (see above). A similar framework model incorporating some minor improvements is viewed as the best way forward. In particular, this would build on the excellent performance achieved to date, afford the council the optimum control over future procurement and best serve to ensure that local contractors are well placed to secure works contracts offered by the council in the future. Officers consider that the other potential options are unlikely to achieve these benefits to the same extent.
- 4.2 The key features of the proposed enhanced framework include:
- Four-year duration with options for further extension in accordance with flexibilities contained within the Public Contract Regulations.
 - Opportunity to offer the framework for use by third parties on a commercial basis
 - Continuing opportunity to realise local social benefits of the type described above.
 - Allows occasional market testing outside of the framework
 - Competitive mini competitions and open book principles provide enhanced value for money and optimum works pricing.
 - Rigorous performance management provides for continuous improvement in contractor performance.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, I.T.)

- 5.1 The procurement of the new frameworks will be achieved in the main using existing resources, with the use of limited external support to update National Engineering Contract documentation as required.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 Officers have completed an IIA, a social value balanced scorecard assessment and a detailed procurement risk matrix in support of this initiative.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

- 7.1 The council has consulted the existing framework contractors and other key stakeholders. The feedback received suggests the recommended way forward as the preferred option.

7.2 Officers will undertake further consultation as the procurement process moves forward in order to best shape the final framework categories to best meet the needs of both the council and other interested stakeholders.

8. RECOMMENDATIONS

8.1 That the Cabinet Members approve that work is put in hand to procure an enhanced version of the current framework arrangement.

DIRECTOR OF OPERATIONS

The Civic Centre
Ashby Road
SCUNTHORPE
DN16 1AB

Author: Chris Ramsbottom and Rob Beales

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Background papers used in the preparation of this report:

- Construction and Highways Category Plan 2017 and Options Appraisal

Appendix 1

Existing Framework Categories

Lot Description	Value of Work
Lot 1 – Construction General Building	£50,001 - £500,000
Lot 2 – Construction General Building	£500,001 - £2,500,000
Lot 3 – Capital Spend Construction General Building	£2,500,001 - £10,000,000
Lot 4 – Construction Design and Build	£500,001 - £10,000,000
Lot 5 – Repairs and Maintenance Construction and Home Assistance, General Building	£1 - £50,000
Lot 6 – Repairs and Maintenance Construction and Home Assistance, Mechanical Services	£1 - £50,000
Lot 7 – Repairs and Maintenance Construction and Home Assistance, Electrical Services	£1 - £50,000
Lot 8 – Highways Civil Works	£1 - £5,000,000
Lot 9 – Highways Surface Treatment Works	£1 - £5,000,000
Lot 10 – Highways Surfacing Works	£1 - £5,000,000