

Report title: The Procurement of a Framework Agreement for the provision of large value Asset Management and Property related services.	
Cabinet Date	25 th January 2023
Cabinet Member	Cllr Lynden Stowe, Deputy Leader and Cabinet Member for Finance and Change
Key Decision	Yes
Purpose of Report	<p>To seek authority to conduct a tender process for the procurement of a four-year framework agreement and call-off contracts thereunder relating to the supply of medium and large asset management and property related services and/or projects. The council's total estimated aggregate spend under the proposed framework agreement is £140m.</p> <p>This Major Works Framework would also be offered to other public sector bodies within Gloucestershire giving them the ability to access these contractors and services, entering their own contracts with suppliers using GCC's framework agreement.</p>
Recommendations	<p>That Cabinet delegates authority to the Assistant Director of Asset Management & Property Services, in consultation with the Cabinet Member for Finance and Change and the Executive Director of Corporate Resources to:</p> <p>1) Conduct a competitive procurement process in respect of a 4-year Major Works Framework Agreement relating to the delivery of medium and large asset management and property related works, services and/or projects where the value of such works, services and/or projects under any individual call-off contract thereunder is £150k or more.</p> <p>Such Framework Agreement shall be divided into the following two Lots:</p> <ul style="list-style-type: none"> • Lot 1 - any works, services and/or projects whose value exceeds £150k but is less than £600k; • Lot 2 - any works, services and/or projects whose value is £600k or more, (no upper limit) <p>and shall permit District Councils, Parish, Town Councils, the NHS, and Academies in Gloucestershire to use such Framework Agreement to acquire works, services and/or projects under their own call-off contracts.</p> <p>2) Appoint each of the preferred tenderers to the relevant Lot under the proposed Framework Agreement.</p>

	<p>3) Procure and award as many Call-Off Contracts as may be required by the council under the relevant Lots of the proposed Framework Agreement, whose combined aggregate values, including the aggregate value of call-off contracts awarded by the public sector bodies described in Recommendation 1) above, shall not exceed £140m.</p> <p>In the event that the value of any single proposed call-off contract under such Framework Agreement will exceed £500,000, a separate key decision shall be sought in order to approve the award of such call-off contract in accordance with the Council's Constitution.</p>
<p>Reasons for Recommendations</p>	<p>The proposed Major Works Framework Agreement is required in order to replace the council's current Major Works Framework Agreement when it expires in December 2023.</p> <p>The above recommendations will enable GCC's AMPS department to ensure the council achieves best value for money in the delivery of property related services, projects and works under the proposed Major Works Framework Agreement whilst also encouraging bids from local providers.</p>
<p>Resource Implications</p>	<p>The estimated value of the property related works, services and/or projects to be carried out under the proposed Major Works Framework Agreement , is £140m, funded from various capital schemes from across GCC and direct school funding. Schools/Academies and other Gloucestershire public sector bodies will also be able to access the framework and would fund costs from their own budgets.</p> <p>The proposed Major Works Framework Agreement will be managed by the Asset Management & Property Services (AMPS) team, with a dedicated framework manager for each lot and call-off contracts thereunder that are recorded on pro-contract.</p> <p>The procurement of the Major Works Framework Agreement will be carried out by the council's Strategic Procurement Tendering team, supported by AMPS for the evaluation process.</p> <p>Any additional costs of managing such procurement process will be funded from within existing AMPS revenue budgets.</p>

Background Documents	Previous cabinet decision 2019 Decision - The Procurement of Framework Agreements for the Provision of Management and Property Related Services (gloucestershire.gov.uk)
Statutory Authority	
Divisional Councillor(s)	ALL
Officer	Name: Rob Barnes Tel. no: 01452 328804 Email: rob.barnes@gloucestershire.gov.uk
Timeline	Pre-planning and procurement process March – June 2023 Tender/Evaluations July – Oct 2023 Interviews Nov 2023 New Framework and contract start dates January 2024

Background

1. Asset Management and Property Services (AMPS) currently manage a range of Framework Agreements and a Dynamic Purchasing System (DPS) in order to support and enable the delivery of effective property related services across Gloucestershire.

All works are currently procured through one of the following routes:

- a) Spends of £0-15k in respect of minor building related works under the council's Minor Works Framework Agreement (divided into 24 lots). – This is not the subject of this report. The current minor framework comes to an end April 2023, in June 2022 Lead Cabinet Member approved the procurement of a new four year Minor Framework for May 2023 – 2027.
 - b) Spends of £0-£200k in respect of service/reactive for minor works - under council's Reactive and Servicing Contract Framework (divided into 9 lots)– This is not the subject of this report. Framework ends 2027
 - c) Spends of 15k- 150k in respect of building related medium sized works - under the council's 10-year DPS (divided into multiple categories) – This is not the subject of this report . DPS ends 2025.
 - d) Spends of £150k– £450k and £450k plus in respect of Major building related works (2020-2024)– under the council's current Major Works Framework Agreement (divided into 2 lots) – The proposed Framework Agreement that will replace such Major Works Framework Agreement is the subject of this report.
2. The frameworks described above have proved beneficial to AMPS since their introduction, as they allow for efficiencies in procurement and contract management, whilst enabling competition among framework providers for individual call-off contract for the supply of works, services and/or projects and provide assurance of value for money. Following the success of the council's previous four Major Framework Agreements the proposed new Major Works Framework Agreement will be the fifth of its type under which AMPS has procured over 185 major projects in the last 15 years.

Social Value has always been part of the evaluation process and we will continue to work with the contractors to deliver the Council's Corporate Strategy. One of the benefits of this approach is that it makes it easier for local providers to secure contracts with the Council, providing local jobs.

The council's objectives under the proposed new Major Works Framework Agreement are to:

- provide value for money and maintain cost certainty;
 - operate a non-adversarial culture that encourages efficient responses to issues;
 - satisfy the needs and aspirations of framework clients; and
- promote and exercise corporate social responsibility locally to framework projects

3. The current spend allocation profile under the council's current major works framework agreement across both of the Lots described in the 2020 Major Framework is £75m in

the period to October 2022 Estimated total spend thereunder between the end of December 2023 and the end of December 2023 is approx. £95m.

1. The council's proposed new Major Works Framework Agreement will contribute to the Corporate Strategy by working with contractors appointed to the framework and supporting them in low carbon efficiencies following aspirations under GCC's Council Strategy 2022-2026:
 - A Sustainable, Low Carbon County - More efficient use of resources, more use of sustainable energy and net zero emissions by 2045
 - An Inclusive County - The economic and social benefits of growth to be felt by all communities, including rural, urban and our areas of highest deprivation. Opportunities to be available for all and good relations between those who have protected characteristics and those who do not
 - A Skilled County - More people with high-level skills and jobs in skilled occupations.

Options

2. There are a number of options that have been considered by the AMPS team in establishing which type of procurement service is most appropriate for the purpose of procuring Major Work/services projects. The following options have been considered:

- 1) Procure a new Major Works framework agreement commencing January 2024
- 2) Deliver the Major Works and service In-house from January 2024
- 3) Not replace the current Major Works framework agreement on its expiry in December 2023

Option 1 - Procure a new Major Works framework agreement commencing January 2024

3. Conduct a competitive procurement process in respect of a 4-year Major Works Framework Agreement relating to the delivery of medium and large asset management and property related works, services and/or projects where the value of such works, services and/or projects under any individual call-off contract thereunder is £150k or more.

Some of the key benefits of a framework agreement are:

- It provides value for money through reduced procurement costs and administration time, while still providing competitive tension amongst suppliers.
- Consistency of presentation and competition details - ensuring legal compliance and facilitating applications by suppliers

- Frameworks allow for a list of pre-approved suppliers, enabling compliant procurement with expedient turnaround of procurement and delivery.
- Savings can be shared by allowing access to other public organisations who contribute to the overall costs of running the framework & the contract management.
- Larger volumes are more attractive to suppliers; if authorities are able to centralise their procurement spend with others who have the same requirement
- Option of Contracts to be awarded through a rotation basis, reducing pre-construction time.

This is therefore the recommended option.

Option 2 – Deliver major works, services and/or projects in- house from January 2024.

4. It could be possible under the Local Government Act 1988 to create a direct services and labour organisation to deliver the service. Under this arrangement the County would become the employer of the staff and take on the service delivery directly for all construction works. However, as we are not best placed to provide this service in-house, this option is neither practicable, nor cost effective and would transfer unmanageable risk back to the authority. Similarly, delivering these services via a council controlled company would be equally unsuitable. We do not have the necessary expertise for this kind of operation, hence this option is not recommended.

Option 3 - Not replace the current major works framework agreement on its expiry in December 2023 and contract for works on a case by case basis

5. This is effectively a 'do nothing' scenario. Stopping the current arrangements would result in the need for premises possibly making their own arrangements and GCC procuring each project on an individual basis. This would result in extensive procurement time for GCC staff and certified contractors not being available for GCC premises to access.

Disadvantages to stopping the service

- 1 – time. The pre-construction period to procure each individual project could potentially increase by 3 months for each project.
- 2 – cost of procuring individual project/contract. Tendering costs would be added to each project.
- 3 – lose all the benefits achieved from collaborative working. The framework achievements of working in partnership -over the last 15 years would be lost.
- 4 – lose benefits gained from the Major Framework procedures manual, gateway approvals procedures built up over 15 years.
- 5 – no control over consistency delivering capital projects & lessons learnt through the AMPS framework gateway process

Risks

6. Failure to create robust contractual arrangements would lead to the Council not having contractors available when needed and mean that AMPS would have to go through alternative procurement arrangements taking increased amounts of officer time and resources. The risks will be managed through the application of a robust project management approach. Risks that will be actively managed are detailed below:

- Risk that the new Framework is not delivered on time – A Project Plan has been drawn up and project managers will be appointed
- The construction market has changed since we last procured the Frameworks and we may find there are not as many bidders as there were during 2019. - A Market engagement session will be held to encourage new bidders
- Internal resources need to be made available for preparing and evaluating the procurement(s) - resources identified to allow for time to be set aside.
- The biggest risk will be increased costs due to COVID, inflation, Energy, Fuel, Ukraine, these will be mitigated by monitoring all risks for each call off.

Financial implications

7. The Council will procure the proposed Major Works Framework Agreement and call-off contracts thereunder using various capital budgets from across GCC. Schools and other Gloucestershire public sector bodies could also access the frameworks and would fund costs from their own budgets.

The council's total estimated aggregate spend under the proposed framework agreement is £140m. This has increased from previous framework due to the rise in market prices, inflation over the four year period, as well as to allow for new commercial projects, including the next phase of the Quayside development, and for works procured by other public sector partners within Gloucestershire.

Climate change implications

8. The delivery of the proposed new Major Works Framework Agreement would support delivery of the Council's climate change strategy by including environmental assessment criteria in the evaluation of the tender's, giving confidence that providers will carefully consider climate change and the environment when delivering major construction works.

Equality implications

9. No significant equality implications have been identified regarding this decision. The proposed invitation to tender will require contractors/suppliers to demonstrate they comply with the Equalities Act 2010. In addition, any construction works commissioned through the framework will be required to meet design standards and features to mitigate any impact on those with protected characteristics.

Data Protection Impact Assessment (DPIA) implications

10. A Data Protection Impact Assessment decision checklist has been completed. As no personal data will be processed as part of this project, a DPIA is not required

Social value implications

11. As part of the Major Framework, contractors are required to supply their social value policy (jobs, growth, social, environment), as part of the competitive tendering process.

The proposed procurement exercise will include social value as one of the criteria that will be taken into account when evaluating tender submissions. Given that the council is committed to a performance and evidence-based approach to Social Value, tenderers will be required to propose credible targets against which their performance will be monitored according to the National TOMs (Themes, Outcomes and Measures)

Consultation feedback

12. Engagement has taken place across the council to understand current requirements and feedback obtained from current customers such as children's services. Consultation with the Core Group of customers took place 10th November 2022, and evaluation has been completed of the contracts awarded over the last 3 years. The group agreed revising the lot values, increasing the threshold between lots 1 and 2 to £600k.

Officer recommendations

- 16) It is recommended that Cabinet delegates authority to the Assistant Director of Asset Management & Property Services, in consultation with the Cabinet Member for Finance and Change and the Executive Director of Corporate Resources to implement Option 1 set out in paragraph 6 above and, more particularly, the Recommendations contained in this report
- 17) Appoint each of the preferred tenderers to the relevant Lot under the proposed Framework Agreement.
- 18) Procure and award as many Call-Off Contracts as may be required by the council under the relevant Lots of the proposed Framework Agreement, whose combined aggregate values shall not exceed £140m, including other public sectors bodies within Gloucestershire.
- 19) In the event that the value of any single proposed call-off contract under such Framework Agreement will exceed £500,000, a separate key decision shall be sought in order to approve the award of such call-off contract in accordance with the Council's Constitution.

Performance management/follow-up

- 20) The Framework will be managed in line with the Council's contract management procedures. A full category review is considered annually from the start of the new Framework to assess performance, contract management and market feedback. Monitoring of contractor performance will be managed by the framework project managers.