

TITLE: ELEVATE JOINT PROCUREMENT PROCESS FOR GROUP REPAIR AND FACELIFTING WORKS FOR THE PERIOD 2006-2010

TO/ON: THE CABINET / 29 MARCH 2006

BY: ACTING CHIEF EXECUTIVE

PORTFOLIO HOLDER: CABINET MEMBER FOR REGENERATION

STATUS: FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1 To report on the principles, protocols and benefits of implementing the Elevate Joint Procurement Process for group repair and facelifiting works for the period 2006-2010.

2. RECOMMENDATIONS

- 2.1 That the cabinet approves the appointment of Craig Hambling as partnering contractor for HMR funded group repair and facelifiting works for the period 2006-2010.
- 2.2 That the Cabinet consents to the waiver of those Contract Procedure Rules (under paragraph 19.1[v]) which cannot be complied with due to the nature of the partnering contract concerned.

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

- 3.1 Elevate has been working with the five East Lancashire Local Authorities to facilitate a co-ordinated approach to the procurement of both labour and materials for the Private Sector Housing Group Repair and Facelifiting work as part of the Housing market Renewal Programme. This follows from the Elevate Procurement Strategy outlined over a year ago, approved by the Elevate Board and 'bought into' by each Local Authority Elevate Board Member and the Governing Body of Elevate.

- 3.2 A very robust joint procurement exercise has been undertaken with a sharing of resources from each Local Authority and Elevate. Consultancy support has been provided by F Squared (Partnering and Social Regeneration Consultants) looking at the procurement of labour and Valueworks looking at the procurement of material suppliers. Eversheds have provided legal advice on the process. F Squared are also retained by the Council as partnering advisors/mentors.
- 3.3 For the procurement of labour a joint tender process has been developed which has allocated at least one partnership constructor (i.e. a construction company) to each Local Authority. The selection and allocation of successful constructors has been undertaken as a joint exercise by a team of senior officers from the East Lancs local authorities, officers from Elevate and consultant F Squared. The protocols and process for this tender is outlined in the F Squared document (Appendix 1). As a consequence of this tender process, the partnership contractor provisionally allocated to Rossendale for a period of 4 years is Craig Hambling Ltd. They have a track record of successful working with this Council and have been in a pilot partnership with us during 2005/06.
- 3.4 The principal benefits of this co-ordinated approach are:-
- a) To capitalise on the success of the partnership approach to these works, as proven in various pilot schemes undertaken by the local authorities including Rossendale.
 - b) To substantially reduce the costs of the tender process to the 5 authorities by holding a single combined process.
 - c) To ensure that the demands placed upon successful bidders sensibly match their capacity (something that might not happen if there were 5 stand alone tender processes).
 - d) To ensure that the main focus of activity is with local firms, maximising the regeneration impact of the Elevate spend.
 - e) To provide an opportunity for partnership constructors to deliver on Elevates wider social and training agenda by offering a longer term commitment.
 - f) To provide a contractual framework which supports and works alongside the combined material purchasing initiatives (currently the 5 authorities have agreed a joint specification and received much reduced prices from suppliers for doors, windows, scaffolding and skips).
 - g) To facilitate a more harmonious approach to these works in the future, sharing best practice, cost benchmarking, measuring key performance indicators, understanding resource demands better and working collaboratively with the supply chain.
 - h) To deliver the programme of spend more efficiently – getting better value for money and therefore improved outputs and interventions, for the people of East Lancashire and Rossendale.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

4.1.1 The partnership works contract will be funded by the HMR programme with a small contribution from the Private Sector Housing Renewal capital programme

4.1.2 Progress and spend is monitored on a monthly basis through the HMR programme team. Monthly site meetings, financial monitoring and day to day issues of the contract, resident liaison are managed by the Private Sector Housing Renewal Team.

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

4.2.1 The development of new procurement procedures will be a general issue across the Council.

4.3 HUMAN RESOURCES

4.3.1 There are no human resource implications arising from this report.

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

4.4.1 None

5. RISK

5.1. Should the proposed partnership arrangements not be approved, the Council would have to go through a separate tendering process which would have to demonstrate to Elevate (the funder) that it provided equal value for money and equal social outputs. In addition it would result in a considerable delay to the 2006/07 HMR programme.

5.2 If partnership arrangements are not approved this Council would be operating on a different basis than the other constituent (east lancs) authorities.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

6.1 The requirements of the European procurement regime have been met because the amount of work involved in the contract is less than the prescribed limit.

6.2 The joint procurement process which has been undertaken does not strictly comply with the Council's Contract Procedure Rules. However, a joint tender process has been carried out which reflects the main requirements of the Council's Contract Procedure Rules. The Council's Contract Procedure Rules

have been written in such a way that they do not take account of partnering contracts. They are quite prescriptive and are currently being reviewed to bring them up to date. In the meantime, consent is sought to waive those Contract Procedure Rules (under paragraph 19.1[v]) which cannot be complied with due to the nature of the process involved.

7. EQUALITIES ISSUES ARISING FROM THE REPORT

7.1 As a requirement of the selection process each partnership constructor has been required to demonstrate their commitment to equality and diversity.

8. WARDS AFFECTED

8.1 Wards affected are Irwell, Greensclough and Stacksteads.

9. CONSULTATIONS

9.1 Elevate, Portfolio holder, Legal Services, Deputy CEO, HMR Manager

Background documents:

For further information on the details of this report, please contact:

John Molyneux, Private Sector Housing Renewal Manager.
E-mail: - johnmolyneux@rossendalebc.gov.uk

Appendix 1 – Protocols for Tender for Partnership Constructors for Group Repair and Face Lifting



Introduction

This short paper details the overall protocols and process for the selection of Partnership Constructors for Group Repair and Face Lifting. The process has been lead by Elevate, and supported by Lancashire County Council as well as the 5 local authorities involved: Blackburn with Darwen Borough Council, Burnley Borough Council, Hyndburn Borough Council, Pendle Borough Council and Rossendale Borough Council. Consultancy support has been given by FSquared (Partnering and Social Regeneration Consultants) and Eversheds (Legal Advisors).

Pre-qualification

Pre-qualification for work on group repair and face lifting closed on 18 May 2005 following advertisement locally and a 'contractor open day', all the authorities, Lancashire County Council and Elevate were jointly involved in reviewing respondents to an Elevate pre-qualification questionnaire. The pre-qualification document reviewed Accounts, Health & Safety, Environment and Sustainability, Diversity and Equal Opportunities, Personnel and Training, Supply Chain and Partnering. References were taken up.

Successful companies were allocated into three bands, essentially; those suitable for very large contracts (national companies), those capable of becoming local partnership contractors and smaller firms – more suited to one off opportunities. Financial thresholds were set so that no individual opportunity was likely to be either too large in relation to a company's turnover or too small – so that it did not receive proper attention.

The Partnership Opportunity

Extending the spirit of co-operation on pre-qualification, it was agreed by the authorities that a single tender action lead by Elevate on behalf of the 5 authorities was the most cost effective and efficient way in which to select partners for group repair and face lifting for a 4 year period commencing in April 2006. Pilot partnering schemes having already shown the merits in both time and cost in adopting this approach.

Co-ordination between the authorities would ensure that the work load between partners was released in a balanced way – so that no individual company became overloaded.

Bidders

Following the pre-qualification process, 13 companies, pre-dominantly locally based, were invited to tender for these partnership opportunities.

Tender Period

The tender was released on 20th December 2005. There was an event hosted by Elevate to introduce bidders to the tender document and to provide background information about Elevates initiatives, as well as the tender process and evaluation systems.

Tenders were returned as planned on 30th January 2006. Of the original 13 bidders, 4 companies withdrew, for a variety of reasons. Tenders were opened the following day by a small team made up of Elevate team members and representatives from Blackburn with Darwen Borough Council as well as FSquared.

Partnership Contract

The partnership contract is to be based upon PPC-2000 the form of project partnering contract. Elevate has commissioned FSquared and Evershed's to produce a bespoke partnering contract solution which is flexible enough to ensure best value through out a 4 year partnership period and takes into account uncertainty of funding from the ODPM.

Under performing partners can be released if a 2 year break clause is affected.

Best Value Tender Evaluation

The evaluation is being made on the basis of best value not simply the lowest price.

Scoring is as follows:

Pre-qualification score 20%

Prices for Profit, Overheads, Managing Client Supplied Materials, Time Related Charges (Preliminaries) and Work Items 40%

Site Visits 20%

Interview 20%

Queries

The tender process has provided for queries to be raised by tenderers, these have been made to Elevate, shared with the local authorities and all subsequent responses coordinated and fed back to all bidders by Elevate.

Audit and Financial Review

Lancashire County Council and FSquared are providing independent audit of the financial responses and entering this and the scoring of the value based element of the tenders into an overall evaluation matrix

Site Visits

Site visits are being conducted by a team which includes representatives from all 5 local authorities as well as Elevate. There is a standard marking sheet which evaluates items such as Quality, Health & Safety, Site Organization, Environmental Approach, Client Liaison and Training/Equality and Diversity.

Site visits are being conducted on 8th February 2006, 13th February 2006 and 15th February 2006.

Interviews

Interviews are being conducted by a team which includes representatives from all 5 local authorities as well as Elevate. There is a standard marking sheet which evaluates items such as the Presentation by the bidder, Managing the Partnership, Managing Owner-Occupiers, Continuous Improvement, the Supply Chain and Social and Environmental Issues.

Interviews are being conducted on 9th February 2006, 14th February 2006 and 16th February 2006

Final Bid Ranking

A presentation of the final rankings from the process, as evaluated by Lancashire County Council's representative and FSquared, is scheduled to take place on 23 February 2006. The financial information will be circulated prior to this to enable review by the participants.

Allocation of Partners

An essential part of the process is to allocate the successful partners amongst the authorities. This is scheduled to happen on 1st March 2006 when representatives of all authorities will cooperate in the allocation process, in a meeting which will be chaired by Elevate.

An essential part of this meeting will be to ensure that the strengths of individual partnership constructors are well matched with the requirements of each authority. There are many historically good relationships (as well as a small number of poor ones) and ensuring a good chemistry between partners is important.

It is expected that the allocation of funding for the 2006-2008 period will have been resolved as this information is clearly essential to making informed decisions.

Executive/Committee Approval

Following the partner allocation meeting, formal approval will be sought for the individual partnership contracts which arise.

Preliminary discussions with prospective partners will take place during March 2006. These will include negotiation and resolution of the precise social and environmental deliverables which are outlined in principle in the partnership documentation.

First schemes under these partnership arrangements are hoped to commence in April 2006.