

CABINET

16 JANUARY 2008

FRAMEWORK AGREEMENT FOR EXTERNAL & INTERNAL REPAIRS, DECORATION & ASSOCIATED WORKS

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

CAB 744 - Term Maintenance Contract for Building Cleaning 2004-2009 – 3 December 2003

EXECUTIVE SUMMARY:

The Council carries out external repairs and redecoration to its housing stock on a five year cycle, and offers internal decoration of one room every five years to its OAP tenants.

The procurement of the decoration contracts is currently carried out by competitive tender, typically six external and three internal contracts per year.

This report proposes to enter into a five year framework agreement with two contractors to carry out all of these works on an equal call off basis, although this may be adjusted from time to time to best accommodate either party's needs. The distribution and allocation of work to a contractor will also be subject to the ongoing good performance of that contractor, and any budgetary restrictions that may be place at the time.

The benefits of the framework agreement will be a reduction in staff time in preparing single contracts for tenders annually and entering into longer term arrangements with contractors which should result in more competitive rates for the works and the formation of longer term working relationships between Winchester City Council and contractors to mutual benefit.

This report details the first stage of procuring the Framework Agreement and in particular outlines the proposed tender process and evaluation protocols for award of contract.

RECOMMENDATIONS:

- 1 That, in accordance with Contract Procedure Rule 3.3a, authorisation be given to seek tenders through Constructionline (para. 3 of the report refers) and to evaluate the tenders received in accordance with the price:quality (40:60) scoring matrix as detailed in Appendix A.
- 2 That, in consultation with the Head of Finance, five year framework agreements be awarded to the two contractors that offer the best price:quality mix as determined by the scoring matrix.
- 3 That the framework terms be negotiated and agreed with the two successful contractors, and that the detail of these frameworks be agreed in consultation with the Head of Legal Services.

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### FRAMEWORK AGREEMENT FOR EXTERNAL & INTERNAL REPAIRS, DECORATION & ASSOCIATED WORKS

#### REPORT OF HEAD OF LANDLORD SERVICES

##### Background

- 1.1 Winchester City Council carries out External Repair and Decoration works to its housing stock on a five year cycle. A discretionary scheme is also run for OAP and eligible tenants to have one room decorated by the Council on a five year cycle.
- 1.2 All works are revenue funded and the total annual budgets for external and internal contracts are in the region of £450,000 and £170,000 respectively.

##### Proposals

- 2.1 It is the intention to group together these works under a framework agreement for a term of five years. This gives a total framework value of circa £3.1m for the five year term (the OJEC (Official Journal of the European Communities) procedure rules only come into effect for works contracts exceeding £3.5m).
- 2.2 When the Framework Agreement for external and internal redecoration works is in place individual contracts will be "called off" geographically throughout the Winchester District. Each contractor will be issued approximately 50% of the work subject to performance. With two contractors signed up to the agreement Winchester City Council will have the ability to redistribute work if the performance of either contractor becomes unacceptable. This will allow WCC to have a greater control on performance and the quality of the work produced over a predetermined timescale.
- 2.3 The contract will contain schedules of rates for the works with fixed prices for each aspect of repair and painting. The benefit of this is clarity of the cost of works to each property visited, along with authorised variations in the work as they occur, minimising claims from either contractor. This will allow WCC to have greater control of the budget for the works and reduce officer resources in agreeing accounts for work completed.
- 2.4 The benefits of a framework agreement are :-
  - (a) A reduction in WCC staff time in preparing individual tenders for works
  - (b) The appointment of two contractors on a long term basis with the potential of a reduction in the overall cost of the works
  - (c) The formation of longer term working relationships with two contractors to ensure continuity of work to the mutual benefit of WCC and the contractors
  - (d) Agreed standards and protocols being set and monitored against a set of key performance indicators
  - (e) Designated teams of operatives will be employed to carry out works on behalf of Winchester City Council.

### Procurement Process

- 3.1 The procurement of the framework agreement will be carried out by the Property Services Team, with the initial advert for expressions of interest from contractors being the first task. Further to this, a pre qualification questionnaire will be completed by contractors, and from this a short list will be formulated of the most appropriate contractors to be included on the tender list. The existing specifications and schedules of work used on the individual contracts currently tendered will be adopted.
- 3.2 It will be pre-requisite that all tenderers are Constructionline registered, and as part of their bids will be required to submit detailed proposals and method statements as set out within the Invitation to Tender document.

### Evaluation Process

- 4.1 Scores will be awarded to each contractor according to evidence provided by them in their Tender Proposals and the results entered into an appropriate price:quality (40:60) scoring matrix (detailed in Appendix A ).
- 4.2 The lowest value tender will receive the maximum points, with points deducted from the score of the other bids on the basis of how much higher each is as a percentage of the lowest. Quality will be calculated by taking the total points scored as a percentage of the total available.

### CONCLUSION:

- 5.1 Framework agreements are considered to be a contemporary cost effective solution to mutually bonding clients and good quality contractors over longer terms. The framework agreements are structured in such away as to secure reasonable value for money, while at the same time ensuring for both parties, flexible and performance-based award and allocation of work.
- 5.2 Longer term, and subject of course to the success of these proposed arrangements, the intention would be then to adopt and extend these principles into other areas of work - including kitchen and bathroom replacements, disabled adaptation works and central heating upgrades. Any such proposals would be subject to further Cabinet reports.

### OTHER CONSIDERATIONS:

#### 6.0 Procurement Officer's Comments

The Procurement Officer's comments will be reported at the meeting.

#### 7.0 TACT Comment

Because of the Christmas holiday period, it has not been possible to consult TACT fully on these proposals. The following comment has been prepared by the joint chairs of TACT:

"TACT is always pleased to support any means that will improve performance and value for money. This would seem to be the case regarding the proposals in this paper. The Report and Executive Summary point out ways to improve the ongoing performance of contractors in the future, whilst keeping budgetary concerns under control. Along with a reduction in staff time preparing contracts etc, the five year framework should offer stability for the contractors and as pointed out should result in

more competitive rates for the work. The working relationship between the Council and contractors should be of mutual benefit. The TACT chairs therefore feel this will be found acceptable to the TACT committees when they next meet. “

#### 8.0 CORPORATE STRATEGY (RELEVANCE TO):

The schemes covered by these framework agreements impact on a number of the Council's strategic priorities, including Safe and Strong Communities (improving the quality of Council Housing) and being an Efficient and Effective Council..

#### 9.0 RESOURCE IMPLICATIONS

There are no material resource implications for the Council. The framework arrangement will, however, be a more effective use of officer time in contract management.

#### 10.0 BACKGROUND DOCUMENTS

There are no background documents.

#### 11.0 APPENDICES

Appendix A

## EVALUATION CRITERIA

[Appendix A]

Score (out of 10)	Comments
	Each element to be scored out of [10]. Maximum score: [300]. Financial considerations to be scored separately.

**1 The Company**

1.1	References		
1.2	Method Statements/Company Brief		
1.3	Ability/competence/flexibility to deliver Works and Services		
1.4	Financial Standing		
1.5	Management/Organisational Structure		
1.6	Environmental Policy		
1.7	Resources allocated to the Works and Services		
1.8	Employment and training policies		
1.9	Equal opportunities policy		
1.10	Quality Assurance and Quality Management Procedures		

**2 Partnering Approach**

2.1	Track Record		
2.2	Proposed Partnering with Specialists		
2.3	View on partnering relationship		
2.4	Open Book and Best Value approach		
2.5	View on Framework Agreement 2007 Contract		

### 3. Programme Timetable

3.1	Proposals for Partnering Timetable		
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### 4 Innovation and Proposals for Programme

4.1	Experience of delivery to Tenants in occupation		
4.2	Proposals for innovation in delivery		
4.3	Understanding delivery of services to public in a democratic environment		
4.4	Proposals for local community involvement and Tenant satisfaction monitoring		
4.5	Methodology for appointment systems		
4.6	Approach to Health & Safety/responsibility		
4.7	Health and Safety policies, works and procedures		
4.8	Proposals for establishment of local identity		

### 5 Risk Management

5.1	Identification of key qualitative risks		
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### 6 Incentives

6.1	Incentivisation of Partnering Team members		
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### 7 KPIs

7.1	Use of KPIs		
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**8 Security**

8.1	Provision of Parent Company Guarantee		
8.2	Insurances		

**9 Defects**

9.1	Principle of "right first time" defects		
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**10 Financial Considerations**

10.1	Rates and Prices		
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