

ITEM No ...5.....

REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 20 NOVEMBER 2023

REPORT ON: PROCUREMENT OF A MULTI SUPPLIER FRAMEWORK AGREEMENT FOR THE PROVISION OF MECHANICAL SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 325-2023

1 PURPOSE OF REPORT

1.1 The purpose of this report is to present a sourcing strategy for the procurement of a Multi Supplier Framework Agreement for the Provision of Mechanical Services, to replace the existing Framework which will expire on 31 March 2024.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a approves the commencement of a procurement exercise in respect of the project described, based on the sourcing strategy, summarised in this report;
- b delegates authority to the Executive Director of City Development to utilise the Multi Supplier Framework Agreement for the Provision of Mechanical Services, following a tender process carried out in compliance with the Public Contracts (Scotland) Regulations 2015, and to procure either by direct award for contracts up to £50,000 or through a mini competition carried out under the terms of the framework; and
- c notes that any contract awards to be made from this framework, that are not covered by delegation provided to officers within Council Standing Orders and Financial Regulations will be brought back to members for consideration in due course.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with this report. From previous experience within the existing framework, and market testing, the total cost of the contracts awarded is anticipated to be in the order of £8,000,000.00 for the four year duration of the framework (3 years with an option to extend by 1 year).

3.2 Taking into account anticipated call offs for the interested partners the cumulative financial threshold has been enhanced to £9,500,000.00 for the four-year duration of the framework.

4 DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 This is a replacement of an existing Dundee City Council Framework Agreement which has been in place since 2019 and has been extended to 31 March 2024 to allow implementation of a suitable replacement framework.

4.2 The existing framework format and performance have been reviewed to determine where improvements are possible to provide a higher level of scrutiny and value.

4.3 The Framework Agreement will endure for an initial period of 3 years with the option to extend for a further period of up to one year after the initial term.

4.4 As a continuation of the current collaborative arrangement put in place for the existing framework, the following organisations have been consulted regarding use of the proposed framework.

- a Angus Council;
 - b Perth and Kinross Council; and
 - c Tayside Contracts.
- 4.5 All parties have expressed an interest in accessing the framework. Each Partner will require to seek approval to utilise the Framework under the Standing Orders for their organisation..
- 4.6 To encourage community wealth building and improve local opportunity, the lotting structure has been revised as follows:
- a Lot 1 - Heating Works;
 - b Lot 2 - Ventilation Works;
 - c Lot 3 - Sprinkler Works;
 - d Lot 4 - External Plumbing Works; and
 - e Lot 5 - Mechanical Services Works.

The primary benefit of the lotting restructure is to allow local multi supplier contractors the opportunity to bid to provide works in line with their area of expertise based on the scope of works.

- 4.7 The Framework Agreement opportunity will be advertised on the Public Contracts Scotland (PCS) portal following a Prior Information Notice (PIN), with all submissions returned electronically utilising the Post-box within the PCS portal. A contract notice will be issued to all winning bidders.
- 4.8 In line with the procurement strategy for this commodity, the framework will be tendered on the basis of the Most Economically Advantageous Tender (MEAT) on a price/quality split of 60% Technical (quality) and 40% Commercial (price), with a maximum of 5 suppliers in each lot.

5 SOURCING STRATEGY SUMMARY

- 5.1 Discussions have been held with construction framework owners which has demonstrated that there is not currently a suitable national framework in place to fulfil this demand.
- 5.2 The framework proposed provides a bespoke route to market developed to provide appropriate social return on investment with the expected benefits being:
- a improvements in the quality of the built environment;
 - b protecting communities against the threat of climate change;
 - c increasing the value of assets; and
 - d reducing the maintenance costs of assets.
- 5.3 While the majority of works through the framework will be pre-planned and subject to mini competition, provision is proposed to facilitate direct award for contracts up to £50,000.00.
- 5.4 The use of a framework contract will give Dundee City Council the ability to build a strategic contractual relationship with participating contractors. The multi-supplier format of the framework incentivises individual suppliers to deliver good quality work with the aim of receiving further commissions.

6 RISK ANALYSIS

- 6.1 There are 4 standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions To Be Taken To Manage Risk
Commercial Risk – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Tender costs will be scrutinised by appropriately qualified construction professionals, any deviation from the projected costs must be demonstrated as part of the tendering process.
Technical Risk – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The technical risk is mitigated through provision of a robust technical specification compliant with Dundee City Council requirements in addition to any statutory obligations as part of the tender process.
Performance Risk – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	The ability of the supplier to perform is a pre-requisite of the framework, thereby mitigating performance risk.
Contractual Risk – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	The supplier's continued presence on the framework and future income depends on their reliable performance, thereby mitigating contractual risk. All contracts utilising the framework will be managed using SBCC JCT terms of contract further mitigating this risk.
Procurement Risk – where a procurement is found unsound in law, through the public procurement rules.	No appointment to the framework will be made prior to reporting for approval at Committee on completion of tender stage. The tender process will be carried out in compliance with the Public Contracts (Scotland) Regulations of 2015.

7 CONCLUSION

- 7.1 It is recommended that approval is given to progress the proposed replacement framework to a tender acceptance for return to committee for approval to appoint in March 2024.

8 POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

9 CONSULTATIONS

- 9.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

10 BACKGROUND PAPERS

- 10.1 None.

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