

AWARD OF MDD PREFABRICATED BUILDINGS FRAMEWORK CONTRACT

Report of the Deputy Chief Executive

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The purpose of this report is to invite the Scrutiny Committee to comment upon the proposal to appoint a framework of suppliers to deliver prefabricated buildings projects, which will be submitted to the Executive for approval at their meeting on 14 March 2017.
- 1.2 The framework of suppliers will be to deliver both Multi-Disciplinary Design (MDD) and single discipline projects on behalf of Stockport Council in relation to prefabricated buildings.

2. BACKGROUND

- 2.1 Revised Contract Procedure Rules (CPRs) were introduced in July 2015, with the requirement for all projects to be openly advertised via the Council's chosen electronic portal(s). Stockport Council, together with the Stockport Property Alliance (SPA), Carillion Stockport Property Services (CSPS), Rochdale Council and Stockport, Trafford And Rochdale Procurement (STAR), have collaborated to design and initiate frameworks for works relating to Prefabricated Buildings; Mechanical and Electrical (M&E); and, General Building Works.
- 2.2 It was concluded with STAR that the most appropriate option was to procure multiple frameworks across different lots and value bands as below:

Framework	Framework Value (p.a.)	Framework Value (Total)	LOT & Band Value
1 Building	£9,000,000	£36,000,000	<p>LOT 1 Building General: Band 1 – Up to £99,999 Band 2 - £100,000 to £749,999 Band 3 - £750,000 to £2,000,000</p> <p>LOT 2 Building (Design & Build): Band 1 – Up to £99,999 Band 2 - £100,000 to £2,000,000</p> <p>LOT 3 Roofing: Band 1 – Up to £99,999 Band 2 - £100,000 to £750,000</p>
2 Mechanical & Electrical	£2,500,000	£10,000,000	<p>LOT 1 Mechanical: Band 1 – Up to £99,999 Band 2 - £100,000 to £500,000</p> <p>LOT 2 Electrical: Band 1 – Up to £99,999 Band 2 – £100,000 to £500,000</p>
3 Prefabricated Buildings	£6,000,000	£24,000,000	<p>LOT 1 Prefabricated Buildings: Band 1 – Up to £2,000,000</p>

- 2.3 The use of the frameworks will not be mandatory and values identified do not commit or guarantee works / volumes in any way. The use of the proposed frameworks does not discount the use of the North West Construction Hub (NWCH) frameworks where specific projects may benefit from its use. There is also acknowledgment that there are circumstances when there is a requirement to utilise other procurement routes and in these circumstances the CPRs and Public Contract Regulations 2015 will be adhered to.
- 2.4 The proposal to procure these framework agreements was considered by the Executive at their meeting on 16 August 2016. It was resolved that in relation to the Multi-Disciplinary Design Frameworks:-
- The progression of the procurement in conjunction with STAR be approved;
 - the award of each of the three framework contracts be reported to the Executive with a recommendation to delegate authority to the Borough Treasurer to finalise and agree the frameworks following consultation with Executive Councillor (Reform & Governance);
 - authority be delegated to the Deputy Chief Executive or Borough Treasurer in consultation with the Executive Councillor (Reform & Governance) of subsequent call-off contracts under the frameworks; and
 - officers be requested to submitted a further update report to the Executive prior to final appointments to the frameworks.

3. SCOPE

- 3.1 This report concerns Stockport Council's intention to establish a framework of contractors in relation to prefabricated buildings up to a maximum project value of £2m. For projects greater than £2m, either an open tender process will be conducted or other existing routes will be utilised - such as the NWCH or Scape frameworks.
- 3.2 The framework will be accessible to all directorates including schools and also open to other Association of Greater Manchester Authorities (AGMA) to utilise. This framework is best suited to ensure compliance with the new CPR rules, deliver value for money, deliver consistent social value commitments and support local and regional Small and Medium-Sized Enterprises (SME) through consistent pipelines of works.
- 3.3 The Framework Agreement is estimated to commence on 10 April 2017 and run for a 2 year period. There is also an option to extend the framework agreement by a further two 12 month periods.

4. PROCUREMENT PROCESS

- 4.1 The prefabricated buildings tender opportunity was advertised via the Official Journal of the European Union (OJEU) and via the online tendering portal The Chest using the open procedure, with the intention to award a maximum of 8 contractors to the framework. The process involved the following Invitation To Tender (ITT) elements:

- ITT Part 1 - Instructions for Tendering, General Information & Tender Evaluation
- ITT Part 2 - Response Document
- ITT Appendix A - Framework Agreement/Contract
- ITT Appendix B - Suitability Assessment Questionnaire
- ITT Appendix C – Specification
- ITT Appendix D - Pricing Schedule
- ITT Appendix E - Framework Process
- ITT Appendix F - GMCA Social Value Policy
- ITT Appendix G - Parent Company Guarantee

4.2 The above documents set out the nature and extent of the requirement and the conditions upon which the works were to be provided under the framework agreement.

4.3 The procurement timetable is outlined below:

Activity	Start Date	Duration	End Date
OJEU Contract Notice Issued	02/10/2016	1	03/10/2016
ITT Period	20/10/2016	32	21/11/2016
Evaluation Period (Quality Questions)	22/11/2016	43	04/01/2017
Evaluation Moderation Meeting(s)	04/01/2017	2	06/01/2017
Selection of Successful Tenderer(s)	09/01/2017	0	09/01/2017
CLT (Report to Be Submitted Thurs)	09/02/2017	5	14/02/2017
CMRG	15/02/2017	13	28/02/2017
Executive Approval	01/03/2017	13	14/03/2017
Notification of Award/Unsuccessful	17/03/2017	0	17/03/2017
Alcatel Period	17/03/2017	10	27/03/2017
Contract Award	27/03/2017	0	27/03/2017
Contract Commencement (TBC)	10/04/2017	729	09/04/2019

4.4 It was also considered that appointing a range of contractors to the framework from across the North-West is considered a robust approach to ensure AGMA-wide localities are covered.

5. EVALUATION OF TENDERS

5.1 Bid submissions were evaluated on the basis of the Most Economically Advantageous Tender (MEAT) offer to the Council with a full quality / price evaluation assessment carried out involving officers from Stockport Council, Rochdale Council, CSPS and STAR Procurement. A moderated scoring approach was undertaken against criteria as follows;

Criterion	Weighting	Cumulative Weighting
Health & Safety	10%	10%
Quality Control	10%	20%

Cost Control	10%	30%
Change Control	10%	40%
Project Risk	10%	50%
Social Value	10%	60%
Key Risks & Challenges	5%	65%
Team Structure	5%	70%
Price	30%	100%

- 5.2 Fourteen completed submissions were received by the closing date and have been subject to detailed evaluation.
- 5.3 Pricing was based on a hypothetical scenario of a typical project. Please see the attached confidential appendix which provides a breakdown of the scoring against the criteria.
- 5.4 The tender documentation identified minimum quality score thresholds for individual and overall quality scores being required to be considered for framework qualification. The evaluation team reserved the ability to undertake clarification interviews with any bidder failing to meet any of the minimum standards in order to make further determinations and scoring moderation. The evaluation scoring is summarised below:

Rank	Bidder	Quality (70%)	Price (30%)	Total (100%)
1	A	58.75%	30.00%	88.75%
2	B	57.50%	26.30%	83.80%
3	C	55.00%	22.25%	77.25%
4	D	57.50%	18.50%	76.00%
5	E	47.50%	27.39%	74.89%
6	F	43.75%	29.75%	73.50%
7	G	56.25%	15.40%	71.65%
8	H	47.50%	20.12%	67.62%
9	I	42.50%	17.01%	59.51%
10	L	40.00%	13.06%	53.06%
11	J	31.25%	24.85%	56.10%
12	K	33.75%	19.44%	53.19%
13	M	21.25%	24.60%	45.85%
14	N	0.00%	0.00%	0.00%

- 5.5 The tender analysis concluded that bidders A through H (ranked 1 to 8) with MEAT scores ranging from 88.75% to 67.62% should be appointed to the prefabricated buildings framework, subject to completion of all necessary financial and reference validations.

6. FINANCIAL INFORMATION

- 6.1 Calling off from the framework will be by mini competition either by Request for Quote (RfQ) (Price Only) or by MEAT. Where the RfQ process is utilised, the suppliers shall submit charges for the proposed works and/or indicate compliance to a small number of requirements specified. This method will be restricted to simple /

standard projects. Detailed quality assessments will be added as required by specific projects.

- 6.2 The estimated annual value of the framework for Stockport Council is £6m which totals £24m if both 12 month extensions are initiated. However, since the framework is open to all AGMA authorities and Rochdale Council have indicated they intend to call off from the framework, the OJEU notice has included an estimated total value of £72m.
- 6.3 As identified at 2.3 above, values / volumes of works are not committed or guaranteed in any way and will vary in accordance with requirements over the period of the framework.
- 6.4 It is therefore recommended that bidders A to H represent best value to the Council for appointment to the MDD Prefabricated Buildings Framework and in no particular order are:
- Seddon Construction Ltd
 - Herbert T Forerest Ltd
 - Actavo Building Solutions
 - Keepmoat Regeneration Ltd
 - Extraspace Solutions
 - Intergra Buildings Ltd
 - Harry Fairclough Construction
 - Catoplan

7. RECOMMENDATIONS

7.1 The Executive is invited to authorise:

- Awarding of a two year contract (plus two optional one year extensions) to the eight suppliers identified in this report for the provision of both Multi-Disciplinary Design (MDD) and single discipline projects on behalf of Stockport Council in relation to prefabricated buildings;
- Should any of the proposed eight suppliers fail to enter into a contract with the Council, it is recommended to award to the next highest bidder in sequence attaining the minimum quality score threshold as identified at 5.4 above;
- Authority be delegated to the Borough Treasurer to finalise and agree the frameworks following consultation with Executive Councillor (Reform & Governance);
- Authority be delegated to the Deputy Chief Executive or Borough Treasurer in consultation with the Executive Councillor (Reform & Governance) of subsequent call-off contracts under the frameworks;

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Edgeworth on Tel: 0161 218 1934 or by email on paul.edgeworth@stockport.gov.uk