

# Finance and Resources Committee

**10.00am, Tuesday, 7 November 2017**

## **Award of Clerk of Works Framework**

<b>Item number</b>	<b>7.13</b>
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards All</b>	
<b>Council Commitment:</b>	<b>28</b>

### **Executive summary**

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This report seeks Committee approval to award a framework agreement for Clerk of Work Services to the organisations identified as offering the most economically advantageous bids, following a competitive tendering process. The framework consists of eight providers for the inspection of capital works supporting the Council to deliver construction, maintenance and repair programmes.

It is anticipated the framework will commence in December 2017 for a period of two years with the option to extend annually for a further two years.

The estimated value of the framework is £4m over the four-year contract period.

## Award of Clerk of Works Framework

### 1. Recommendations

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- 1.1 That Committee:
  - 1.1.1 Approves the award of a framework agreement for Clerk of Works Services to BHL Consultancy Ltd, Clerk of Works Inspection Services, D A Gilmour, GHPC Group, Hickton, IMG Quality Control, Long O Donnell Associates and Ross Quality Control for an estimated £1,000,000 per annum;
  - 1.1.2 Notes the contract values above are reflective of an estimation of required Clerk of Works Services and may therefore fluctuate depending on the Council's Construction Works programme over the next four years; and
  - 1.1.3 Delegates authority to the Executive Director or Head of Service of the relevant Directorate or Service in accordance with the Scheme of Delegation for the awarding of mini competitions or direct awards call offs which are undertaken using the framework.

### 2. Background

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- 2.1 The Council requires contractors to support and supplement the existing in-house Clerk of Works and to represent the interests of the Council to ensure that contractors perform in line with industry recognised quality standards, contract drawings and specifications.
- 2.2 At present, the Council is utilising a range of organisations to deliver Clerk of Works services through procured contractual arrangements, primarily Quick Quotes.
- 2.3 Property and Facilities Management, supported by the Commercial and Procurement team, has undertaken a review of the current arrangements with the aim to consolidate current requirements into one framework providing suitably experienced and qualified inspection services, maximising economies of scale, improving contract management efficiencies and rationalising the volume of ad-hoc procurement processes and arrangements in place.

### 3. Main report

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- 3.1 The Council is seeking approval to appoint a number of suitably qualified and experienced Clerk of Works to carry out construction works inspections for an undefined programme of construction, maintenance and repairs predominantly for its corporate estate. The tender and evaluation process was conducted in accordance with Council Contract Standing Orders, Public Contracts (Scotland) Regulations 2015 and EU Procurement Directives.
- 3.2 On 9 August 2017, the Council undertook a full tender exercise by placing a contract notice on the Public Contracts Scotland Portal.
- 3.3 Following tender returns on 22 August 2017, tender submissions were evaluated by a technical evaluation panel. This places an emphasis on quality, as well as price, with the aim of selecting the most economically advantageous tenders based on a ratio of 60% quality and 40% cost. The quality/cost ratio was determined as the Council has a requirement to ensure that the crucial quality element was of primary concern due to recommendations in the Independent Inquiry into the Construction of Edinburgh Schools (IICES) report.
- 3.4 The quality analysis was based on weighted award criteria questions which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that passed the minimum threshold of 50% were subject to a cost analysis.
- 3.5 All the bids submitted were based on a notional number of hourly rates for the services covering a range of Clerk of Work disciplines and grades which may be required under the Framework Agreement. The lowest notional cost for providing various works packages was awarded the full 40 available marks for cost with the other bids being scored on a pro rated basis. The tender results are set out below. Further information on the tendering process is available within Appendix 1.
- 3.6 The Council sought 10 organisations for appointment onto the framework, and therefore, as all 8 bidding organisations have demonstrated the necessary quality requirements, all bidding organisations are recommended for appointment onto the framework. The price scores differ significantly within the organisations largely due to the director's hourly rates within the organisations. The Council will very rarely require the services of a director for their requirements. The Building Clerk of Works and Mechanical and Electrical Clerk of Works rates are comparable and acceptable to the Council.
- 3.7 When a requirement for a Clerk of Works is identified, the Council will have the option to Direct Award to the most appropriate organisation making an assessment of availability, experience in the building and works type, cost and previous performance. Mini competitions may take place between the organisations to drive further efficiencies on cost.

- 3.8 The successful bidders have been identified by organisation name in the table below.

Tenderer	Price 40%		Quality 60%	Overall Tender	Rank
	Price	Price Scoring	Score		
Ross Quality Control	£33,744	30.3	50.4	80.7	1
IMG Quality Control	£25,560	40	35.4	75.4	2
GHPC Group	£35,200	29.05	45.6	74.65	3
D A Gilmour	£32,900	31.08	42.6	73.68	4
Hickton	£43,860	23.31	48.6	71.91	5
Clerk of Works Inspection Services	£27,640	36.99	34.8	71.79	6
Long O Donnell Associates	£38,800	26.35	42.6	68.95	7
BHL Consultancy	£48,780	20.96	34.2	55.16	8

## 4. Measure of success

- 4.1 The Clerk of Works framework will benefit from a suite of Key Performance Indicator's (KPI's) to facilitate the management of the framework and ensure service quality.
- 4.2 The provision of this framework will ensure that the Council has the capacity to deliver Clerk of Works services across its projected Capital project portfolio and in line with the related recommendations of the IICES report, February 2017, by Professor Cole. A key focus of the recommendations being, the delivery of construction quality.

## 5. Financial impact

- 5.1 The estimated value of the framework is £4m over the 4-year contract period. The majority of works will be funded by Capital Works budgets across the Council.
- 5.2 The contract value is reflective of an estimation of required Clerk of Works Services and may therefore fluctuate depending on the Council's Construction Works programme over the next four years.
- 5.5 The costs associated with procuring this contract are estimated to be up to £10,000.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 Whilst previous Clerk of Works services were procured on a departmental basis, using a variety of contracting arrangements, the collective use of this framework across the Council will provide city wide benefits such as reduction in rates by approximately 9% due to economies of scale, an ability to undertake demand management through more open communication and resource planning.
- 6.2 The risks associated with not approving the framework could result in the Council failing to administer the necessary requirements to ensure site and building safety across major and minor works projects. This could result in the Council not being able to meet its agreed coalition pledges and statutory duties.
- 6.3 Not approving the framework could lead to a reduction in customer satisfaction, negative publicity and damage to the Council's reputation.
- 6.4 The use of Clerk of Works Services is a direct recommendation in the IICES report. The approval of this framework represents a significant action in the effective implementation of this recommendation.

## **7. Equalities impact**

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- 7.1 Investing in new buildings, altering and extending existing stock and improving the external environment will have a positive impact on users and local communities. As well as this it assures service users that buildings have been constructed and/or repaired in compliance with industry good practice and thorough checks.
- 7.2 Investing in Council facilities will improve the quality of life of Edinburgh residents.

## **8. Sustainability impact**

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- 8.1. The Council will operate a Community Benefits Points system (CBP) for all direct awards and mini competitions for this framework.
- 8.2 The CBP will apply when work packages are awarded to a contractor. Contractors will be required to deliver Community Benefits such as carrying out a workshop in a school or community centre in Edinburgh linked to curriculum for excellence or sponsorship of a local organisation on the basis of points accrued annually or by mutual consent. Delivery may be expected up to two years after the expiry of the framework.

## 9. Consultation and engagement

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- 9.1 As Clerk of Works organisations within Scotland and the UK are limited and as demand is increasing following the recommendation in the Independent Enquiry into the Construction of Edinburgh Schools Report, Commercial and Procurement Services undertook extensive market research and engagement with the market during the tender period to ensure they were fully engaged in the process.

## 10. Background reading/external references

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- 10.1 [Report of the Independent Inquiry into the Construction of Edinburgh Schools, February 2017](#)

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## 11. Appendices

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Appendix 1 – Summary of Tendering and Tender Evaluation Processes

## Appendix 1: Summary of Tendering and Tender Evaluation Processes

Contract	Clerk of Works Framework Agreement
Contract period	2 years + 1 year + 1 year
Contract value	£4,000,000 (estimated)
EU Procedure chosen	Open
Tenders returned	8
Recommended supplier	BHL Consultancy, Clerk of Works Inspection Services, D A Gilmour, GHPC Group, Hickton, IMG Quality Control, Long O Donnell Associates and Ross Quality Control
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	60% Quality, 40% Price Framework Delivery Team – 35% Clerk of Works Methodology – 25% Framework Challenges – 25% Community Benefits – 15%
Evaluation Team	Officers from the Capital Programme Team