

# Finance and Resources Committee

10.00am, Thursday, 9 December 2021

## Award of Clerk of Works Framework Agreement

Executive/Routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee approves:
  - 1.1.1 The award of a multiple supplier Clerk of Works Framework to Hickton Consultants Limited, Ross Quality Control Limited and Sentinel Clerk of Works Limited; and
  - 1.1.2 The commencement of the Framework on 17 January 2022 for a period of two years with two optional 12-month extensions at a total estimated value of £3m.

**Paul Lawrence**

Executive Director of Place

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# Report

## Award of Clerk of Works Framework Agreement

### 2. Executive Summary

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- 2.1 This report seeks the approval to award of a multiple supplier Framework for Clerk of Works services to: Hickton Consultants Limited, Ross Quality Control Limited and Sentinel Clerk of Works Limited. The Framework would commence on 17 January 2022 for a period of two years with two optional 12-month extensions at a total estimated value of £3m.

### 3. Background

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- 3.1 The City of Edinburgh Council requires a Framework Agreement for the provision of clerk of works services to support the delivery of the Council's capital construction projects. The Framework will be utilised by the Housing Service and the Capital Programme Team.
- 3.2 This arrangement will provide clerk of works resource for service areas delivering both residential and non-residential construction projects. Residential projects will be centred around the Council's affordable house building programme and potentially in upgrades, refurbishment of existing housing. Non-residential construction is wider ranging and may include delivery of education, leisure or other buildings being delivered on behalf of the Council through the capital programmes team.
- 3.3 The Council has some in-house clerk of works capacity, however, the varying size, nature and timing of projects across the Council means that this resource requires to be supplemented with external and flexible resource to ensure the desired level of quality assurance on projects.

### 4. Main report

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- 4.1 Commercial and Procurement Services (CPS) published a Prior Information Notice (PIN) on Public Contracts Scotland (PCS) on 10 June 2021 to determine interest from potential contractors and inform the market of the clerk of works tender opportunity. The PIN indicated that 21 organisations expressed interest in this Framework.

- 4.2 On 24 August 2021 CPS published a Contract Notice, under Open Procedure, on PCS as set out in the Public Contracts (Scotland) Regulations 2015, with a tender submission deadline of 24 September 2021.
- 4.3 To identify contractors offering best value the tender evaluations included an emphasis on quality as well as price, and submissions were assessed on the basis of the most economically advantageous tender.
- 4.4 A cost/quality ratio of 30/70 was applied to encourage competitive hourly rates and to ensure that the quality was of a high standard.
- 4.5 A total of 14 contractors registered interest in the Contract Notice and tenders were received from four contractors. All tender submissions were evaluated, however, one of the submissions failed the mandatory checks.
- 4.6 This is a ranked Framework and the Council will allocate business to the highest-ranking contractor, if the contractor does not have capacity the next highest-ranking contractor will be offered the business and so on. On occasion the Council may, at their sole discretion, choose to allocate business by undertaking a mini competition amongst all three contractors on the Framework.
- 4.7 A summary of the tender process is attached at Appendix 1 and the recommendation for award of contracts is based upon the completed evaluation scores for the tenders as detailed below:

Tenderer	Price score % (out of 30)	Quality Score % (out of 70)	Combined % (out of 100)
Sentinel Clerk of Works Limited	30.00	51.63	81.63
Ross Quality Control Limited	27.50	53.38	80.88
Hickton Consultants Limited	23.25	39.38	62.63

## 5. Next Steps

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- 5.1 Subject to approval, the contracts will commence on 17 January 2022 for an initial period of two years with two optional 12-month extensions.
- 5.2 The Framework will replace a combination of existing arrangements.
- 5.3 The Framework will be managed by a specialist contract manager in accordance with the Council's contract management arrangements who will be supported by the Contract and Grants Management Team (CAGM). The contract manager will engage with the service areas to support implementation and contract management delivery throughout the contract lifecycles. All efficiencies identified in the

procurement process should be delivered by the service area through proactive contractor engagement monitoring of management information, application of key performance indicators, monitoring of community benefits and tracking of relevant budgets.

## **6. Financial impact**

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- 6.1 The Framework value is estimated at £3m over the full contract period, including extensions.
- 6.2 Funding will be from the Council's capital and revenue budgets, subject to each call off requirement.
- 6.3 Based upon an average of hourly rate against the highest cost offering from the tender submissions, an average saving of 12.77% has been indicated, which could lead to savings of approximately £383,100 over the life of the Framework and extension periods.
- 6.4 Competitive hourly rates will be fixed for the duration of the contract and extension periods.
- 6.5 Financial assessments have been carried out for the successful contractors and it has been deemed that there is no financial risk to the Council.
- 6.6 The costs associated with procuring this contract are estimated to be from £20,001 to £35,000.

## **7. Stakeholder/Community Impact**

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- 7.1 The Framework will be utilised by the Housing Service and Capital Programme team. Collaboration between these service areas has resulted in consolidation of the clerk of works services into a single Framework.
- 7.2 Discussion to open the Framework to other Councils was held, however, the outcome was that there is a limited number of contractors who can provide clerk of works services to the required skillset within the Lothian region. Therefore, a decision was made to ringfence the Council requirement and award the Framework solely for the Council's use.
- 7.3 The market is unpredictable at present and the Council, like all local authorities is facing challenges to attract contractors to complete tender submissions. The general feedback from contractors for this tender process was that there is both a lack of clerk of works resource and lack of resource within contractor organisations to complete tender submissions.
- 7.4 Additional resource to supplement clerk of works services for the Council will, where necessary, be provided by a Scotland Excel Framework which is currently in inception stages and due to be awarded by mid-2022. There will be a specific regional lot for use by the Council.

- 7.5 There are no impacts on carbon, adaption to climate change and sustainable development arising directly from this report. However, the clerk of works will support the Council to move forwards to sustainable construction.
- 7.6 The Sustainable Procurement Strategy was considered and applied through the request of community benefits. The contractors will be required to deliver community benefits in line with the value of work awarded by the Council; benefits to be delivered from, employability and skills and education and outreach categories, will be agreed at the contract commencement and monitored throughout the life of the Framework by the contract manager.
- 7.7 All contractors will pay workers the Real Living Wage; Hickton Consultants Limited and Ross Quality Control Limited are accredited Living Wage employers and it is the intention of Sentinel Clerk of Works Limited to become an accredited Living Wage employer over the life of the Framework.
- 7.8 The Framework recommended for award is compliant with procurement regulations and the Contract Standing Orders. The risk of legal challenge relating to contractual arrangements for the provisions of this service is thereby reduced.

## **8. Background reading/external references**

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- 8.1 None.

## **9. Appendices**

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- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes.

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

<b>Contract</b>	<b>Clerk of Works Framework</b>	
Contract period (including any extensions)	The contract period is for two years with two optional extensions of twelve months (2 + 1 + 1) and will commence on 17 January 2022. 2021.	
Estimated Contract Value (including extensions)	£3 million	
Procurement Route Chosen	Open Procedure	
Tenders Returned	Four – one tender failed the mandatory checks	
Name of Recommended Supplier(s)	Hickton Consultants Limited Ross Quality Control Limited Sentinel Clerk of Works Limited	
Price / Quality Split	<b>Price 30%</b>	<b>Quality 70%</b>
	<p><b>Quality</b></p> <p>Service Delivery Methodology 30%</p> <p>Contract Delivery Team 20%</p> <p>Performance Management 20%</p> <p>Continuous Improvement of Workforce 15%</p> <p>Business Continuity 5%</p> <p>Community Benefits 5%</p> <p>Fair Work Practices 5%</p> <p>Fair Work Management Information N/A</p>	
	Three Council Officers from Housing and the Corporate Programmes Team.	