

Croydon Council

For General Release	
REPORT TO:	Cabinet 17 February 2015
AGENDA ITEM:	10
SUBJECT:	Award of the LBC Modular Unit Framework
LEAD OFFICER:	Paul Greenhalgh, Executive Director – People Jo Negrini, Executive Director (Acting) - Place
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance & Treasury <i>And:</i> Councillor Alisa Flemming, Cabinet Member for Children, Families and Learning
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: <ul style="list-style-type: none">• The recommendations within this report address the Council’s Corporate Plan Priority C to Protect Resident Priorities	
AMBITIOUS FOR CROYDON & WHY WE ARE DOING THIS: <p>The delivery of these projects is critical in ensuring the Authority is able to meet its statutory requirement to provide pupil places to meet increasing demand and will support the Authority in meeting the Policy Objectives of:</p> <ul style="list-style-type: none">• Achieving better outcomes for children and young people• Promoting economic growth and prosperity	
FINANCIAL IMPACT SUMMARY: <p>This report recommends commitment to an estimated Contract Award of £18,000,000 comprising £16,000,000 for Lot 1 Purchase; and £2,000,000 for Lot 2 Hire; over the next four years.</p>	
KEY DECISION REFERENCE NO.: 2/15/CFL <p>This is a Key Decision as defined in the Council’s Constitution. The decision may be implemented from 13.00 hours on 5th working day after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.</p>	

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The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.

1. RECOMMENDATIONS

The Cabinet is asked to approve the award:

- 1.1 Lot 1 Framework Agreement for the purchase of Modular Units to the potential contract value of £16,000,000 over a four year period; and
- 1.2 Lot 2 Framework Agreement for the hire of Modular Units over to the potential contract value of £2,000,000 over a four year period;

to the respective preferred and reserve suppliers named in the associated part B report on this agenda.

2. EXECUTIVE SUMMARY

- 2.1 This report recommends the award of the LBC Modular Unit Framework split into two lots (Purchase & Hire) for the next four years for a turnkey design & builds solution for Modular buildings for the Educational use (predominately classrooms) and for other ad-hoc council requirements. The strategy was approved by the Gateway Review Panel on 18th December 2013.
- 2.2 The Detail Section of this report sets out the background to the project, the procurement approach and evaluation process to select the Framework Contractors.
- 2.3 This framework is required to provide a procurement route for the quick, cost effective, successful delivery of turnkey, design and build modular buildings.

3. DETAIL

Background:

- 3.1 The Council has previously procured its Fixed Term Expansion (FTE) requirements either using the GPS framework or via a main construction provider for individual school projects. These procurements have resulted in low or poor responses from suppliers and variations to costs due to supplier's solutions not fully meeting the Council's requirements. In order to facilitate the Education FTE Programme for the next four years a Modular Unit Framework has been procured. This will provide the maximum flexibility to the Council by operating in a 'partnership' type approach for the programme requirements and by procuring a turnkey design & build solution for purchase and hire. This Framework also allows for other modular Council buildings to be procured. It

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has been split into 2 lots for the purchase and hire requirements to maximise the opportunity for suppliers.

- 3.2 The framework will operate with a 'preferred supplier' and two 'reserve supplier' appointments to each lot. This allows the Council to approach the 'preferred supplier' with a programme of work, with the two 'reserve suppliers' providing services should the 'preferred supplier' not be able to fulfil the whole programme.
- 3.3 The framework also has key performance indicators that all suppliers are required to meet in order to maintain their positions within each lot. Should the 'preferred supplier' fail to meet these indicators then their position will be reviewed and could be demoted to '2nd reserve' with '1st reserve' moving up to 'preferred supplier' position. This is to ensure the Council is able to meet its obligations of programme delivery throughout the life of the framework and promote a culture of value for money and competition.

Procurement

- 3.4 Due to the potential value of the framework agreement being above the EU threshold for goods and services, a fully EU compliant tender was undertaken. An OJEU contract notice was issued on 15th January 2014 (OJEU ref: 2014/S 012-016470), inviting suppliers to express an interest in this procurement.
- 3.5 Twenty-three Pre-qualified Questionnaires (PQQ) were received from suppliers by the return date of 14th February 2014. These were evaluated in accordance with the published criteria and eight suppliers were shortlisted to Invitation to Tender (ITT) stage.
- 3.6 The ITT was issued to the 8 pre-qualified tenderers on 15th September 2014, we received seven responses and one supplier did not respond.
- 3.7 The submitted tenders were reviewed and validated by the evaluation panel to ensure compliance with the ITT tender documents. Additionally, the pricing documents were checked for arithmetical errors. These submissions required clarifications to the qualitative questions and on some aspects of the price submission.
- 3.8 Clarification interviews were held with tenderers on 10th and 12th December 2014. One of the tenderers declined to attend and then subsequently withdrew their tender submission.

4. CONSULTATION

- 4.1 Consultation is not required for the establishment of the framework but consultations will form part of the individual schools project process.

5. FINANCIAL AND RISK ASSESSEMENT CONSIDERATIONS

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5.1.1. Revenue and Capital Consequences of Report Recommendations

As detailed within Part B of this report

5.1.2. Effect of the Decision:

Although the framework has been established with a potential to deliver up to £18 million of modular units over the four year lifespan, there is no financial commitment associated with approving this award. Each call off from this framework will be awarded in accordance with the council's own procurement regulations. This report recommends the appointment of the recommended framework contractors for both Lot 1 Purchase and Lot 2 Hire. The decision will ensure the Modular Unit Framework can be set up and be ready for use by the Council for the 2015 School pupil intake and subsequent years, as well as any ad hoc Council requirements for modular units.

5.1.3. Risks:

The Framework has been set up to include mechanisms to monitor the preferred Framework supplier's performance on each Lot; performance below the KPI threshold could mean their demotion to lowest reserve supplier. The risk of poor performance is reduced and alternative reserve suppliers are available if the preferred supplier does not perform to our required standards.

5.1.4. Future Savings / Efficiencies:

The adoption of the Preferred Supplier status should promote a partnership type relationship and standardised solutions.

Approved by: Dianne Ellender, Head of Finance & Deputy S151 Officer

6. COMMENTS OF THE COUNCIL SOLICITOR

- 6.1. The Council Solicitor comments that the procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999.

Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 This report does not directly raise considerations of staffing levels, restructuring/regarding, TUPE implications, recruitment, employee relations, the Council's personnel policies or other Human Resources matter and therefore has not sought approval from Human Resources.

Approved by: Deborah Calliste, HR Business Partner on behalf of the Director of Human Resources

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8. EQUALITIES ANALYSIS

8.1 An Equalities Impact Assessment (EIA) has been undertaken for the development of the Strategy Report for the school's expansion. Further EIA's will be undertaken at appropriate stages in the development of the design proposals.

9 ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts from the award of this Framework.

9.2 The proposals for the new modular buildings will achieve the highest standards possible within the various site constraints and will be designed in sympathy with the local surroundings. Additionally, the intention is to reduce energy use and associated carbon dioxide emissions by introducing low-impact building materials.

9.3 The Council will work with the school to monitor the post occupancy energy performance of the new buildings. This is to ensure that the low energy designs perform as expected and to capture any lessons learned for future projects.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no immediate Crime and Disorder consequences of this proposal.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

Tender Evaluation Process

- 11.1 The Evaluation Panel was formed by representatives from the following:-
- Senior Procurement Officer (Moderator for the evaluation process);
 - Project Manager – Croydon Council
 - Cost Management officer – Croydon Council

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11.2 The evaluation scores for each tender received for both lots are detailed below.

Lot 1 – Purchase Evaluation Scores:

Tenderer:	A	B	C	D	E	F	G
Lot 1 – Quality	47.50%	30.50%	18%	46%	46.50%	30%	27%
Lot 1 – Price	30.26%	25.91%	36.30%	31.56%	30.99%	36.67%	Withdrew
Lot 1 – Total Score	77.76%	56.41%	54.30%	77.56%	77.49%	66.67%	
Ranking	1	5	6	2	3	4	

Lot 2 – Hire Evaluation Scores:

Tenderer:	A	B	C	D	E	F	G
Lot 2 – Quality	47.50%	30.50%	18%	Did not tender	46.50%	30%	27%
Lot 2 – Price	29.03%	23.92%	40%		27.58%	31.60%	Withdrew
Lot 2 – Total Score	76.53%	54.42%	58%		74.08%	61.60%	
Ranking	1	5	4		2	3	

11.3 It is recommended the framework for the Modular Units be awarded in Lot 1 Purchase to supplier A the Preferred Supplier position, supplier D the Reserve One position and supplier E the Reserve two position.

11.4 It is recommended the framework for the Modular Units be awarded in Lot 2 Hire to supplier A the Preferred Supplier position, supplier E the Reserve One position and supplier F the Reserve two position.

12. ANY OPTIONS CONSIDERED AND REJECTED

12.1 As suitable compliant qualified tender submissions were received for both lots of this procurement, no further options were considered.

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Background documents: Exempt from disclosure.