

APPENDIX 3

The Livestock Market procurement process was driven by the requirement to keep the site build within the quoted cost. There was also a secondary requirement to keep the time to procure as short as possible.

The initial decision was with regard to whether a “design and build” or straightforward “build” contract should be used.

The appraisal of this was carried out by the council’s strategic procurement manager in December 2007. (Results below)

PROCUREMENT ROUTE OPTIONS

DESIGN AND BUILD

An arrangement where one contracting organisation takes sole responsibility, normally on a lump sum fixed price basis, for the bespoke design and construction of a client’s project.

ADVANTAGES:	<ul style="list-style-type: none">❑ Complete service from a single source – one point of responsibility.❑ Easier to integrate the design and construction components resulting in better time and cost performance.❑ Fewer defects due to closer working relationship.❑ Strict adherence to agreed programmes and budgets.❑ Less administrative work for the client (post contract award).❑ Full understanding of design and client requirements.
POINTS TO WATCH:	<ul style="list-style-type: none">❑ Changes to requirements can be very expensive and destroy price certainty.❑ Output specification must be very clear to prevent a reduction in the finished quality of the facility.
RISK:	<ul style="list-style-type: none">❑ Risk of design not working is passed to the supplier.
COST MANAGEMENT:	<ul style="list-style-type: none">❑ Cost certainty with fixed lump sum payment.❑ R.I.C.S. research states 20% cost reduction achievable throughout project.
TIMESCALE CONSIDERATIONS:	<ul style="list-style-type: none">❑ Lost time from re-starting procurement process (PQQ stage and OJEU notice issue = 37 days).❑ End to end procurement time period will be 5 calendar months est.

BUILD ONLY

ADVANTAGES:	<ul style="list-style-type: none"> ❑ Easier to assess and evaluate the tender responses as all based on the same design
POINTS TO WATCH:	<ul style="list-style-type: none"> ❑ Lack of understanding of the design process. ❑ Poor planning of design (budget and time). ❑ Conflict of perception of design between contractors and designers. ❑ Uncertainty over cost and build time.
RISK:	<ul style="list-style-type: none"> ❑ Risk of design not working remains with the Council.
COST MANAGEMENT:	<ul style="list-style-type: none"> ❑ Uncertainty over final build cost. ❑ Cost may be driven down but possibly reducing the quality of the facility. ❑ May not be able to reduce costs without significantly changing the design plans.
TIMESCALE CONSIDERATIONS:	<ul style="list-style-type: none"> ❑ PQQs ready to evaluate then further 3.5 calendar months to contract award.

With the approval of the Council's Property Services department the decision was taken to go down the "Design and build" route in January 2008.
At this time the PB looked at using a framework contract as a means of ensuring a rapid "design and build" contractor engagement with a capped cost.

Comparitive Key Issues/Advantages –

Pre-Existing Framework Versus Traditional New Tender Process :

Existing Framework	New Process
Much quicker to establish, simply sign up to use the Framework agreement. Deadlines re vacating the old site make this a vital Issue. Also note it saves Officers a significant amount of time.	Will take three months or more longer to award a Contract from 'scratch' (including the option to set up a new, specific, Framework Agreement). Complex tenders can take many months to conclude.
Opportunity (as in this case) to select a Framework and Supplier set up by Local Authorities and with experience of working with LA's.	In a new Tender Process it would not be allowed to exclude bidders that do not have Public sector experience which adds risk in the suitability of suppliers coming forward .
Opportunity (as in this case) to select ; a). open book arrangement, and b). a capped cost, thus increasing budgetary control and the	Both would have to be negotiated/offered by winning bidder and therefore not guaranteed.

ability to achieve best value.	
<p>Early engagement is possible with the Supplier (as soon as signing up to use the Framework), Thus enabling advice to be sought on ;</p> <p>a) The Programme; b) Costings; c) Specific project details, immediately.</p>	<p>Cannot start on this until after Contract award which would be several months later (see above).</p>
<p>Selecting a suitable Framework offers the chance to include work on Flood Alleviation and seek cost efficiencies on both projects.</p>	<p>Setting up a new Contract that allows this opportunity would take longer (as above), and is not a guaranteed outcome. May require each Project to be separate processes and Contracts.</p> <p>The key benefit of a clean start is, it offers the chance to set up a highly-tailored solution, but takes longer, is not guaranteed re timescales, and quality of outcome, and is only an advantage if a suitable Framework is not already available.</p>

After concluding that a framework contract would be best suited to the needs of the project the SCAPE framework was proposed by the council's property services department as a suitable partner.

The council's strategic procurement and legal departments examined the SCAPE agreement and process. The following assessment was made:

Scapc Construction Framework Agreement

What is it?

Scapc is a Local Authority controlled company offering a framework agreement for design, build, consultancy for bespoke projects as well as "system build" technology.

The framework supplier is Wilmott Dixon, who have local sites at Birmingham, Bristol and Cardiff.

Flexibilities within the framework

- Ability to conduct pre-build dialogue and use Wilmott Dixon in a consultative capacity to discuss aspects of the project.
- Customer nominated design team or contractor nominated design team.

Legal and procurement considerations

- The framework has been through an "OJEU" tender satisfying requirements of EU Procurement Directives.
- Accessible by any UK public sector organisation.
- Open book costing ensuring VfM can be demonstrated.

- All sub-contract work subject to competitive tendering allowing local suppliers to bid for aspects of the project.

Principle features of the framework

- Cost control and ordering procedures.
- Engaging the client in the process.
- Simple process to follow.
- Risk management.
- Open book and transparent.
- Performance monitoring procedures.

Target costs

- Savings up to 100% of target cost – shared 50:50.
- 100-105% target cost – client pays.
- Over 105% target cost – contractor pays.

Key benefits of framework

- Reduced procurement timescales.
- A framework developed by Local Authorities understanding the needs of Local Authority projects.
- Cost certainty and cost management.
- Value for money
 - Use of open book accounting providing thorough audit trail
 - Works packages subject to competitive tendering
- Buildings which fit the client's needs.
- Pre-build discussions allowed.
- Commitment to sustainable development.

In an update to Community Services Scrutiny committee on 18/04/08 Members were advised that work had started with the SCAPE framework organisation on driving down the cost of constructing the new livestock market.

Informal meetings between officers and lead councillors took place in order to guide officers in taking preliminary steps. It was agreed that the framework contract initial stage be commenced with SCAPE for Willmot Dixon to provide an estimate of the works and other pre-construction services. A contract for these initial stage services was entered into on 4th November 2008.

The result of this initial stage is a capped quote for £7.1m.