

CYNGOR SIR POWYS COUNTY COUNCIL.

**PORTFOLIO HOLDER DELEGATED DECISION
9 October 2012**

**Cllr Myfanwy Alexander – Learning & Leisure
Cllr Gary Banks – Property & Assets**

**REPORT AUTHOR: David Bradley; Construction Procurement and Premises
Manager**

SUBJECT: New Severn Valley Welsh Medium School, Newtown

REPORT FOR: Decision/ Information

Summary

On 14th February 2012, Cabinet resolved that a new Welsh medium school for 300 pupils be constructed adjacent to Newtown High School with a target implementation date of September 2014.

The property team, in conjunction with education colleagues and user stakeholders, have developed the scheme to the point where the Authority needs to procure the services of a contractor to develop the design and tender price and, subject to contract, manage the construction phase. The process that is followed in this case is set out in this paper for information and/or approval.

Proposal

The value of the construction project exceeds £4.348m therefore an EU Procurement Directive compliant process must be followed for the project to ensure legal compliance.

The Authority tendered and awarded six contractors, arranged in various lots, to a Framework Agreement for property construction works of value £2m to £100m in late 2010, (for background and information see next section) using an EU Procurement Directive compliant process. Therefore, it is proposed to procure the services of a design and build contractor using the Framework Agreement.

The Framework ensures competition for each specific project. A mini-competition is tendered between the three contractors awarded to the appropriate Lot. The competition tests price and quality with quality questions focussing on the contractor's ability to deliver the specific project and add value.

The Newtown scheme is now ready to tender and therefore it is proposed to run the mini-competition tender for the project allowing the scheme to be delivered on time.

Procurement is not an objective in its own right, but is used as a lever to support the Council's wider objectives. Of particular interest is the development of innovative mechanisms aimed at assisting local SME's in becoming more competitive so that they can win an increasing share of the Council's business.

To contribute to the regeneration and economic development agenda, it is important that community benefits and SME development are fully considered within commissioning and procurement plans in a proportionate manner.

To encourage Small & Medium Enterprises and Micro business (SME's) to embrace collaborative working and to build capacity in the local supply chain, Framework contractors are directed, and contractually required to respond to a range of community benefits requirements ranging from targeted Recruitment and Training for the local community through to offering opportunities to local contractors, thus maximising local impact. It is proposed to build on the successes of the Ystradgynlais projects by placing greater demands on the contractors tendering the Newtown project to engage with the local supply chain. (see later section for examples).

Background

The recently completed High School extension at Maesydderwen, the four new primary schools, pavilion/sports pitch in Ystradgynlais and the Integrated Health and Social Care building under construction in Builth Wells were all procured through the framework.

The completed schemes have demonstrated that through the Framework agreement the awarded contractors can deliver multi-million pound schemes not only on time and budget but also meeting the Authority's quality standards for delivery and built outcomes.

During 2010 the Authority identified that a number of planned schemes would be required to follow an EU compliant process, therefore a Framework agreement was tendered and awarded in December 2010 with partner Authorities. This was supported by Welsh Government who encourages such arrangements. Similar arrangements have been put in place across Wales. Therefore, this approach was included in the Powys Strategic Outline Program for 21st Century Schools submitted to WG in October 2010.

The Framework is split into value and area lots allowing suitable and experienced contractors to be awarded to Lots most suited to their skills and turnover. Contractors were selected on price/quality criteria as required by the Authority's financial regulations.

Quality questions and presentations examined the contractor's economic and professional capacity and ability to deliver projects with particular reference to the delivery of school building programmes

This method of procurement allows contractors to be included in the delivery team during the design process. This allows the overall project delivery program to be shortened. The contractor can ensure build-ability in the design and drive efficiencies resulting in higher quality outcomes and a substantial reduction in defects at handover.

The Authority benefits from the skills and experience of major Welsh based contractors who regularly deliver multi-million pound school contracts across Wales to manage, procure and construct our schools. At the same time, it can be said that they 'break up' the project into packages of work that are individually tendered. This gives opportunities for SME's from the locality where the works are undertaken to bid for work. The Framework contractor ensures that the package contractors meet minimum health and safety requirements.

Powys is amongst the leading Authorities in Wales embedding Community Benefit in frameworks and implementing the Welsh Governments Community Benefits Measurement Tool. Our documents and approach have been commended by Welsh Government.

In the mini competition for the Newtown Scheme we are increasing the contractual requirements placed on the Framework contractors to achieve Community Benefits, and will score the tender submissions demonstrating innovative, Powys orientated proposals, higher. These are summarised in the next section. Therefore, there is an incentive for the contractor to have a thorough understanding of pre-procurement market engagement and a knowledge of the local supply side..

The approach to Community Benefits is fully in line with the priorities in the Powys Change Plan, Regeneration Strategy 2011 and the Commissioning & Procurement Strategy.

Clearly, whilst compliance needs to be ensured, designing an effective procurement strategy is about giving all competitors (including our local SME's) a fair opportunity to win business.

Community Benefit; summary of enhanced requirements

Throughout the requirements for Community Benefits, the term “local” is used. The Council currently defines “local” as follows: Powys County and any neighbouring/bordering counties.

Community Benefits include the following: Targeted Recruitment and Training, Community Engagement and Supply Chain Opportunities.

A summary of the enhanced requirements follows:

- The Welsh Government Community Benefits Tool will be completed by the contractor at mid-way through the term of the contract in addition to reporting at the completion of the contract. This allows us to monitor progress. The contractor will be expected to gather the appropriate data during the course of the contract to complete the Tool and liaise with the Council in doing this. In order to calculate the “Welsh Multiplier” effect.
- We are going to implement a pilot project where the same data is gathered for the “local” area only, calculating a “local” multiplier figure (£) showing for every £1 spent on this contract, the amount of money that has been re-invested in the “local” economy. We are not aware of any other local Authority undertaking such an exercise.
- Contractors will be required to devise the sub contract packages in a way that the size or type does not exclude their provision by contractors they have not worked with before, particularly those based in the locality of where the works will take place.
- In addition to holding an initial ‘Meet the Contractor’ event, if appropriate, additional events should be held during the contract period. For example just before the finishing trade packages are issued.
- Require that all the Supply Chain/Sub-Contractors endorse and implement the policies of The Council, and ensure they make opportunities available to the supply chain for supply of materials, plant and labour in the locality of where the works are being completed.
- In terms of the design and professional services packages, ensure there are opportunities offered during the tender process to include SMEs/ Micro business from the locality where the works are being completed, if they have suitable and demonstrable skills.

Preferred Choice and Reasons

Recent procurement through the Framework Agreement for property construction works is successfully delivering approaching £40m of construction works for the Authority. Projects have been completed on time, to budget and meet the Authority's quality standards for delivery and built outcomes.

By increasing the contractual requirements placed on the Framework contractors to engage with the Community, the supply chain and those requiring training and recruitment in Powys. A benefit of the framework is that we can drive continuous improvement with the contractors.

To ensure legal compliance, continue the success recently enjoyed with the Ystradgynlais projects and further develop Community Benefits, the Newtown project will be procured under the Framework and through a compliant mini-competition process.

Support Services (Legal, Finance, HR, ICT, BPU)

Legal officers have commented "We support the recommendations"

Corporate procurement officers have commented "We support the recommendations"

Statutory Officers View:

Strategic Director, Finance & Infrastructure (Section 151 Officer)

The Strategic Director, Law & Governance (Monitoring Officer) has commented:-

"I support the recommendations"

Recommendation:	Reason for Recommendation:
To procure a design and build contractor for the New Severn Valley Welsh Medium School, Newtown using the Powys County Council Framework agreement for Property Construction Works	To ensure legal compliance and achieve the positive outcomes of the recently completed Ystradgynlais schemes at Newtown.
To strengthen where possible the contractual requirements placed on the Framework contractors to achieve Community Benefits.	To meet the wider objectives of the Council including economic regeneration
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Relevant Policy (ies):	Powys Change Plan Regeneration Strategy 2011 Commissioning & Procurement Strategy		
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	
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Person(s) To Implement Decision:	David Bradley
Date By When Decision To Be Implemented:	September 2012

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Background Papers used to prepare Report:

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