

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	12 May 2015
Title:	Procurement approval: Generation 3 Technical Resources Framework 2016 - 2020
Reference:	6636
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

1.1. The purpose of this paper is to seek approval to procure the Generation 3 Technical Resources Framework agreement.

1.2 This paper:

- outlines a background for the need for a new technical resources framework to replace the current one when it expires in April 2016;
- gives estimated annual value of resources placed through the framework, (although no minimum value is guaranteed to any single supplier);
- highlights an effective and efficient engagement processes with the current framework which will be adopted for the future contract;
- proposes widening the scope of services supplied within the framework to include specialist skills for efficient delivery of services, such as ecological, environmental resources and economic development; and
- considers allowing District Authorities within Hampshire to be included encouraging economies of scale.

2. Contextual information and need for a Contract

2.1 The County Council has a duty to maintain, improve and develop infrastructure as part of the economic development of Hampshire in a safe, effective and efficient manner. In provision of this role, the Department employs technical, infrastructure and engineering resources to develop, design, manage and supervise capital and revenue projects within its own portfolio and in support of the economic development of other bodies such as Local Enterprise Partnerships (LEPs). These resources predominantly comprise in-house employed officers that have traditionally been supplemented by external consultants. In recognition of an increasing number of construction projects placed throughout the County Council's

capital programme it was decided, through a joint procurement with the Culture, Communities and Business Services Department, to engage three Strategic Suppliers to assist with development and design of large value capital schemes. Lot 3 of the Strategic Supplier Contract engaged Atkins to specifically assist with engineering and infrastructure projects and this has proven very successful to date.

- 2.2 Although engagement with a Strategic Supplier assists development of key infrastructure programmes and projects, the ability to provide agile and effective resources for short term urgent and immediate requirements is still necessary, particularly at a time when such resources are in demand throughout the construction sector. Engagement of short term resources, often delivered by locally based Small Medium Enterprises (SMEs) not only benefits the local economy but enables the Council to provide a full service during periods of demand when efficient reaction is required. This flexibility has been achieved to date through the Technical Resources Framework (TRF).
- 2.3 The current Technical Resources Framework started in April 2012 and will expire in March 2016 (the maximum period permitted for a standard OJEU framework). The framework has been very effective in supplying suitable engineering and transport related resources at short notice to meet the Council's immediate needs for design and supervision of capital projects. In addition, the framework has assisted with increased programmes of work developed with the LEP's and other adjacent authorities. Short and clear selection procedures included within the framework documents has allowed efficient engagement and retention of key engineering related skills to support both in-house resources and those offered by the Strategic Suppliers.
- 2.4 In order to continue to offer an effective and flexible method for supply of suitable technical resources to the Council and other named authorities it is proposed that next generation framework contract (Generation 3) is procured in a similar way to the current model. Although focus will remain on engineering and infrastructure resources, it is proposed that the scope be widened to include minor architectural design, ecological assessment, mechanical and electrical services advice, engineering support for development of waste facility infrastructure, economic development, and strategic development to cater for increased expansion which reflects the role of the County Council as a facilitator for regional growth.
- 2.5 As the estimated value of the contract will exceed European Union thresholds and in accordance with the Public Contracts Regulations 2015, the framework will be advertised in accordance with EU regulations. To ensure greatest flexibility in use and encourage collaboration with our colleagues, it is proposed that the contract will permit use by all district authorities in Hampshire, but with Hampshire County Council as the contracting authority.

3. Contractual and commercial considerations

- 3.1 The Department has been employing technical professional resources using a variety of contractual arrangements for many years to assist with supplementing in-house resources when workload levels increase.
- 3.2 Selection of a resource follows a quick and efficient process of suitability, availability and price as stated in the contract documents. The process allows engagement of resources in as little as two weeks using a pre-priced schedule of rates obtained during the tender period. The schedule of rates ensures price certainty and a competitive element prior to commitment.
- 3.3 Provision of a framework does not commit the Authority to guaranteeing any minimum values through the contract to any single individual supplier. Contract values are very flexible within a framework, although it is advised that significant financial headroom is provided in the OJEU notices to ensure regulations are complied with.

4. Financial arrangements

- 4.1 The proposed framework is arranged to provide support to the construction management of capital projects involving skills that are required at short notice to fulfil the Council regulatory and legal obligations. The framework provides a flexible buffer between in-house resources and other arrangements with resources being predominantly funded through allocation to capital projects as with the arrangements for the strategic suppliers.
- 4.2 Control of each resource is through a task order process where approved funding is obtained prior to commitment of resource.

5. Proposed detailed arrangements

- 5.1 It is proposed to establish a framework of suppliers capable of delivering engineering design, supervision, development and other technical abilities to support the Councils objectives with growth and economic infrastructure development. Resources from the framework will directly work alongside in-house staff and other corporate contracts such as the Strategic Suppliers.
- 5.2 The initial spend profile for the current TRF was around £2.5million per annum, but this has recently increased to over £4million per annum following expansion of the capital programme. In order to provide sufficient financial headroom in accordance with the Public Contracts Regulations 2015, it is proposed to allow for up to £7.5million per annum for the framework providing an OJEU Contract Notice value of approximately £30million.

- 5.3 Access is proposed for District Authorities within Hampshire in order to provide resource assistance with agency duties. To date, this access has not been a significant option and would only represent a minor aspect of the framework. In order to provide financial headroom for the OJEU notice, it is proposed that an allowance of up to £1.5million per annum is made within the figures stated in paragraph 5.2.
- 5.4 Generation 3 TRF will be divided into two lots – Lot 1 for engagement of engineering service companies (mainly small engineering design, supervision or specialist suppliers) and Lot 2 for specialist engineering and infrastructure agency suppliers. Each supplier will offer some skills pre-defined within the framework contract, but it is recognised that a single supplier will be unlikely to offer the full range of technical competencies and abilities. The framework will therefore form a matrix of suppliers with selection by suitability, availability and price. The principal payment system will be through hourly rates or 'on-cost' provision for supply chain third party suppliers.
- 5.5 Expressions of interest will be sought through the European Journal, with tenders expected to be issued in September 2015, for return in November 2015. The successful suppliers will be appointed in January 2016 for commencement of service from 1 April 2016.

6 Overview of procurement arrangement

- 6.1 The start date of the framework is in April 2016 for a maximum period of four years.
- 6.2 The anticipated maximum County Council spend over the term is estimated at £25million.
- 6.3 The anticipated total spend over the term is estimated at £30million including spend by Hampshire District Authority collaboration partners (an allowance of up to £5million).
- 6.4 A ratio of 30% for price and 70% for quality is applied to tender evaluation of the framework. This follows the same tender evaluation proportions applied and approved for the Strategic Suppliers Contracts which are the closest in terms of specification, scope and pricing structure to the proposed framework.

7 Other considerations

- 7.1 The Generation 3 Technical Resources Framework contract will be developed in accordance with environmental and equalities legislation at all stages. Small and medium enterprises will be encouraged to apply to the framework to ensure that local resources are engaged where possible.
- 7.2 A particular emphasis will be placed on developing considerate and safe construction methods such as safe approaches to permanent highway works and temporary traffic management arrangements, with awareness of environmental and ecological issues regarding construction works. Inclusion

of these specialist skills will assist the Council in delivering its statutory obligations.

8 Recommendations

That the Executive Member for Economy, Transport and Environment:

- 8.1 Approves the procurement of a framework agreement to supply technical and professional services for a period of up to four years duration starting on 1 April 2016 and ending on 31 March 2020 with an estimated maximum overall total spend of £30million.
- 8.2 Approves that a ratio of 30% for price and 70% for quality be applied in tender evaluation of the items approved.
- 8.3 Approves that access to the framework be given to District Authorities for their technical and professional needs but with the County Council as contracting authority.
- 8.4 Approves that the Director of Economy, Transport and Environment be given delegated authority to agree any variations to the items approved, in consultation with the Executive Member for Economy, Transport and Environment.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
The framework contains standards that ensure design and supervision is to National and Local requirements. This provides resilient project delivery.	
Maximising well-being:	yes
Construction uses considerate methods in consultation with stakeholders	
Enhancing our quality of place:	Yes
Specifying suitably sources materials and construction methods produces projects that comply with environmental standards and longevity	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> None	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u> HM Government Industrial Strategy: government and industry in partnership <i>Construction 2025</i>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- (a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- (b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- (c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The proposals will have no or low impact upon groups with protected characteristics. The proposals allow engagement of engineering consultants for the design and supervision of the Council's capital and revenue projects. All of the projects will be designed to national and the Council's standards ensuring the provisions for accessibility during design and construction are applied.

2. Impact on Crime and Disorder:

2.1 The proposal is not expected to impact on crime or disorder.

3. Climate Change:

3.1 How does the proposals impact on our carbon footprint / energy consumption?

Effective and efficient engagement of suppliers in order to improve the highways network will ensure that economic design solutions and agile supervision reduces impact to a minimum.

3.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

National technical standards regarding life cycle solutions will be incorporated into the specifications under which resources will be obtained. This ensures that management of projects within the framework will be durable and resilient.