

Record of Cabinet portfolio member decision

AWARD OF ENGINEERING SERVICES CONTRACT DATE OF PUBLICATION – 5 SEPTEMBER 2013

- NB: The Head of Legal and Democratic Services must receive a request to call-in this decision by 5.00pm on Thursday 12 September 2013.
- Subject to the call-in mechanism this decision will be implemented on expiry of the call-in period.
- The council's cabinet portfolio holder has taken the executive decision outlined below. This decision is published in accordance with the council's procedure rules.

DECISION TAKER	DETAILS OF DECISION
Mrs J Nimmo-Smith	<p>To award the engineering services contract to Monson Engineering at a total estimated annual cost of £153,000 for four years from 1 October 2013.</p>
	<p>Background</p> <p>1. The present engineering services contract was awarded in 2006 for a period of five years ending 30 September 2011. It was extended by one year in 2011 to allow for the on-going negotiations regarding the new Flood and Water Management Act 2010. It was subsequently extended for a further year in 2012 to finish on 30 September 2013 and cannot be extended again.</p> <p>The new contract from October 2013</p> <p>2. Officers have re-tendered the work on a similar basis to the existing contract with fixed fee areas of work and a schedule of hourly rates for non-fixed areas of work.</p> <p>3. The tender was led by South Oxfordshire District Council. It was a Framework Agreement with only South Oxfordshire and the Vale of White Horse District Councils being named on it. The pricing schedule provided prices for each council separately, plus an option if the contract was awarded to one contractor for both South Oxfordshire and the Vale of White Horse District Councils. This allowed officers to identify any economies of scale if a joint contract was awarded.</p> <p>Analysis of tenders</p> <p>4. Although 20 companies expressed an interest during the tender process, only two companies submitted tenders.</p> <p>5. The two companies were initially scored against a set of evaluation criteria. Tenderers that met a minimum threshold of 70 per cent were scored further on the award criteria. Both tenderers achieved this minimum level.</p>

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	<p>6. The contract is to be awarded on the basis of the most economically advantageous tender, which includes a combination of the following factors:</p> <ul style="list-style-type: none"> • technical proposal (40 per cent) • financial proposal (60 per cent). <p>7. Out of a possible 100 per cent, tenderer A scored 87 per cent and tenderer B scored a higher 89 per cent.</p> <p>8. In terms of the technical proposal, tenderer A scored higher on its implementation plan, the checks it would make to ensure that work is carried out in accordance with legislation and ensuring that the team is trained and competent. The information supplied on recent case studies is very complete and of a high standard. Tenderer A also supplied a very good table showing how all the KPTs will be measured.</p> <p>9. Tenderer B supplied less information on its risk assessments and case studies and so scored less. It proposes using the existing system for monitoring and measuring the KPTs, which works well, but it does not make any recommendations to improve on this, so it did not score as well as tenderer A.</p> <p>10. However, tenderer B scored higher on the staffing resource compared to tenderer A and this part of the evaluation as set out in the Invitation to Tender is weighted higher.</p> <p>11. In terms of the financial proposal, tenderer B scored higher when both fees are combined. Tenderer B also scored higher on the non-fixed part, due to its lower hourly rate.</p> <p>12. Although tenderer B's costs are less than tenderer A's costs, the contract costs are in excess of the current budget provision. The additional cost in 2013/14 can be met from within existing budgets. As part of the 2014/15 revenue budget setting process, officers will submit a growth bid to cover the ongoing additional costs in future years.</p> <p>13. The joint fees for both South Oxfordshire and the Vale of White Horse District Councils provided by both tenderers did not show any substantial reduction and no economies of scale have been offered for awarding a joint contract. Officers are not considering this option any further.</p> <p>14. The procurement for the engineering services is a Framework led by South Oxfordshire District Council, but to include the Vale of White Horse District Council only and no other councils. The Framework Agreement will be for four years until the end of September 2017 and no extension is allowed.</p> <p>15. The procurement has followed an 'open' process, whereby the specification and costs are obtained at the outset. The procurement has followed European regulations, but does not commit the council to accept any prices.</p> <p>16. The council's acceptance of the proposal from tenderer B and the award of the Framework Agreement will allow the Vale of White Horse District Council to decide if it wishes to 'draw down' any or all items of the Framework, either fixed</p>

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	<p>or non-fixed.</p> <p>17. The council's legal team will complete the final Framework Agreement and draw down contract there under and the documents will be sealed by the head of legal and democratic services.</p> <p>Equality implications</p> <p>18. The council has paid due regard to the public sector equality duties through the inclusion of relevant equality requirements within the specification and the evaluation of the tenders.</p> <p>Human resource implications</p> <p>19. Accepting tender B would mean no transfer of staff and no change in how the contract is currently resourced.</p>
	<p>Alternative option considered</p> <p>Officers considered transferring the two existing contracted engineers into the council to provide an 'in-house' service. However, having two engineers 'in-house' would mean we lose the support and back up of additional civil and structural engineers, which a contractor can provide in times of absence or heavy work loads. Additional officer time would also be required to manage the staff and provide administrative support. For these reasons, officers have not considered this option any further.</p> <p>Doing nothing – this was rejected on the basis that the current contract has previously been extended and no further extensions are allowed under the contract.</p> <p>Joint contract with the Vale of White Horse District Council – this was rejected as the costs received by both tenderers do not provide any economies of scale.</p>

If you have any queries regarding this decision please contact the decision taker above or John Backley, Technical and Facilities Manager, tel: 01235 540443, Email: john.backley@southandvale.gov.uk

A copy of the report considered by the Cabinet member is available from Steven Corrigan, Democratic Services Manager, Legal & Democratic Services, 01491 823049, steven.corrigan@southandvale.gov.uk