



CAERPHILLY HOMES TASK GROUP – 2ND NOVEMBER 2017

SUBJECT: DYNAMIC PURCHASING SYSTEM FOR THE PROVISION OF GENERAL BUILDERS

REPORT BY: ELIZABETH LUCAS, HEAD OF PROCUREMENT AND CUSTOMER SERVICES

1. PURPOSE OF REPORT

1.1 To provide members with an update in relation to the Council's Dynamic Purchasing System (DPS) for the Provision of General Builders.

2. SUMMARY

- 2.1 The Council established the DPS for the Provision of General Builders in March 2017 in accordance with the EU Procurement Directives 2014, UK Public Contract Regulations 2015 and the Council's Standing Orders for Contracts ('SOFC'). The Council also sought external legal advice and guidance from Blake Morgan LLP during the pre-planning phase of the process.
- 2.2 The purpose of the DPS is to facilitate the Council's general building requirements by running mini competitions with those Contractors established on the DPS. This will allow the Council to identify Contractors to undertake packages of external works to the Council's housing stock in accordance with the Welsh Housing Quality Standard ('WHQS') Programme. Contractors will be required to provide a range of external works linked to general building disciplines. The specific works that maybe procured under the DPS for these external works will be available via the mini competitions and associated documentation.
- 2.3 It was anticipated that the DPS will predominately be used in the Lower Rhymney Valley, however it is also important to note that the Council has reserved the right to utilise the DPS for any internal and external general building requirements covering any Housing, Public Buildings and Learning & Educational establishments located within the County Borough. The decision to establish the DPS will assist the Council in proactively managing any potential capacity issues, which have previously been identified within the WHQS programme when utilising traditional frameworks and other arrangements. The Council published within the associated procurement documentation that Contractors should note that admission onto the DPS is not a guarantee of any award of contracts and there is also no guarantee of volume or value of contracts to be let via the DPS.
- 2.4 The establishment of the DPS also allowed the Council the opportunity to trial the use of a 'passport to trade' process with Contractors. The purpose of the 'passport' process is to streamline and alleviate the need for Contractors frequently submitting repeat qualifying information such as but not limited to Health & Safety and Insurance documentation whilst tendering for various opportunities for works of a similar nature.

3. LINKS TO STRATEGY

- 3.1 **The Well Being of Future Generations (Wales) Act 2015** contains 7 well-being goals. When making decisions the act requires public bodies in Wales, including local authorities, to take into account the impact they could have on people living their lives in the future.
- 3.2 **Improving Lives and Communities: Homes in Wales (Welsh Government, 2010)** which sets out the national context on meeting housing need, homelessness, and housing-related support services.
- 3.3 **Caerphilly Delivers (Single Integrated Plan, 2013-2017)** “Improve standards of housing and communities, giving appropriate access to services across the county borough.”

4. THE REPORT

- 4.1 In essence a DPS is a formal and fully advertised select list of Contractors who will have the opportunity to bid for Council opportunities via mini competitions. The DPS will be continuously ‘live’ in the market place for a period of three years from 1st April 2017 to 31st March 2020 and new Contractors can apply to join the DPS throughout its validity period subject to meeting the Council’s pre-qualification criteria. Furthermore and in accordance with Procurement legislation the DPS process i.e. the pre-qualification stage and all mini competitions must be fully electronic and this is managed via the Council’s e-tendering system, Proactis Plaza.
- 4.2 The DPS opportunity was originally advertised via Sell2Wales and published within the Official Journal of the European Union (OJEU ref: 2017/S 036-064683) on 21 February 2017 utilising the restricted procedure. The opportunity was also advertised via the numerous communication channels listed below and these will continued to be used during the validity period of the DPS:
- Caerphilly Procurement Twitter Account;
 - Caerphilly Business Support Twitter Account;
 - Construction Futures Wales Database;
 - Federation of Master Builders Database;
 - Proactis Plaza; &
 - Constructionline Notice Board.
- 4.3 A memorandum of understanding (MoU) and guidance document has been produced and made available for all Contractors (please refer to appendix 1 of this report for the latest copy of the MoU). The MoU is an important document and clearly sets out how the Council proposes to manage the process throughout the validity period of the DPS.
- 4.4 Briefing events were held on 16 February 2017 via the Council’s Supplier Relationship Officers (SRO) with fifty-three (53) Contractors and representation from Welsh Government’s Construction Future Wales attending the events. Council representatives from WHQS and Procurement facilitated the events providing advice and guidance on the mechanisms of the DPS together with an overview of the Council’s immediate general building requirements. Furthermore individual one-to-one meetings were offered by the SRO to assist Contractors with gaining a wider understanding of the concept and process. This support will be available to existing and any new Contractors during the validity period of the DPS.

PRE QUALIFICATION STAGE

- 4.5 Over a number of years the Council has actively promoted the use of Constructionline for works contracts, therefore in order to simplify the pre qualification process for Contractors the Council utilised certain aspects of the Constructionline registration process and specifically the Building General or Building Refurbishment over £15K categories. Furthermore and in accordance with the principals of open, fair and transparent procurement, the Council also

considered Contractors who are not Constructionline registered for the Building General or Building Refurbishment over £15K categories and pre qualification criteria was set accordingly. It was agreed by the project team that this approach would be the adopted process for the validity period of the DPS.

- 4.6 The structure of the pre qualification stage is split into four (4) sections and includes the following:
- **Section A:** Essential Criteria Compliance, Mandatory Completion for all Contractors including Supply Partner Key Components List and Charter for Trust to be completed by all Contractors (pass/ fail);
 - **Section B:** to be completed by Constructionline Accredited Contractors only, Building General or Building Refurbishment over £15K categories (pass/fail);
 - **Section C:** to be completed by Non Constructionline Accredited Contractors only, Building General or Building Refurbishment over £15K categories (pass/ fail);
 - **Section D:** DPS Pre Qualification Declaration to be completed by all Contractors (pass/fail).
- 4.7 Contractors have a period of thirty (30) days to apply to join the DPS. Subsequently all Contractors need to pass all criteria (pass/ fail) to be established onto the DPS and have an opportunity to bid for packages of work via the mini completions.
- 4.8 Currently there are sixty-eight (68) Contractors established on the DPS and the following should be noted:
- Sixty-three (63) Contractors are defined as local Contractors in accordance with the Council's definition of local, which is "*Local spend with Contractors from within the Welsh Purchasing Consortium (WPC) area*". The WPC consisted of twelve (12) Councils covering south east Wales;
 - Out of the sixty-three (63) local Contractors twenty-one (21) are based within Caerphilly County Borough.
- 4.9 Please refer to appendix 2 of this report which details the following information:
- Full list of Contractors established on the DPS;
 - Date of joining the DPS;
 - Constructionline or Non-Constructionline registered;
 - Locally based (Council definition and/or Caerphilly County Borough based);
 - Size of Contractor (Small Medium (SME) or Large Enterprise).

MINI COMPETITIONS

- 4.10 All mini competitions are administered via Officers within Procurement Services and conducted via the Council's tendering portal-Proactis Plaza and the outcome reported in accordance with the value thresholds as stated in the Council's SOfC. Subsequent contracts will be awarded upon the basis of nationally approved/ industry standard Contract Terms and Conditions such as but not limited to JCT or the NEC Family of Contracts. The exact terms and conditions for a specific requirement will be detailed within individual mini competitions and associated procurement documentation.
- 4.11 The award criteria for individual mini competitions shall be based on price/ cost only or price-quality ratio depending on the Council's specific requirements. The % weighting will be price/cost only 0-100% or price-quality 0-100% split between both criteria.
- 4.12 Contractors may be required to consider different pricing or costing strategies as part of the mini competitions such as but not limited to pricing bills of quantities, schedules of rates and +/- adjustment against a Nationally recognised or Council specific schedule of rates.

- 4.13 If applicable and appropriate 'Community Benefits' and 'other initiatives' such as but not limited to training and recruitment opportunities, workforce retention, paying the living wage and community initiatives can be considered on an individual package by package basis. It is important to note that specific initiatives have not been considered in the mini competitions to date due to the urgency of the works associated with the WHQS programme. However it is important to re-emphasise the number of local Contractors established on the DPS thus having the opportunity in securing future work.
- 4.14 A total of eleven (11) mini competitions have been undertaken via the DPS, please refer to appendix 3 of this report for the status of each mini competition as of 31st August 2017.

PASSPORT TO TRADE

- 4.15 The strategy adopted for the DPS meets the fundamentals of a 'passport to trade' process. A significant number of the Contractors are Constructionline registered for the relevant categories and this information will be monitored via the Constructionline system by Officers within the Council during the validity period of the DPS. The pre-qualifying information submitted by all Contractors will be stored on the Council's existing Contracts Management Module (CMM). The CMM has functionality to enable electronic email notifications to be set against each of the Contractors to notify relevant personnel when annual certificates such as Health & Safety and Insurances are due to expire. Contractors will be supported to help ensure that annual renewal information is current and valid.
- 4.16 The Council's Supplier Relationship Officer will continue to offer help and advice to new and existing Contractors throughout the period of the DPS together with seeking feedback from those Contractors already established in the DPS to ensure the Council continues to receive competitive offers when undertaking mini competitions.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The delivery of the WHQS improvement programme is coterminous with the aims of the wellbeing of Future Generations (Wales) act 2015, in particular:-
- **Long Term:** the report includes the continued investment to achieve WHQS by 2020. This investment provides long term improvements to the property, community and to the tenants well being.
 - **Integration:** The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities.
 - **Involvement:** Tenants and local residents are being consulted on the proposed property improvements, environmental works along with various initiatives that are part of the WHQS programme delivery.
 - **Collaboration:** The programme delivery is focussed on internal collaboration, partnerships with suppliers and contractors, joint working with the community and various groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus and is clearly demonstrable within its delivery.
 - **Prevention:** The works to improve lives and communities will help tackle local unemployment. It will further improve the look and feel of the environment and help prevent anti social behaviour.

6. EQUALITIES IMPLICATIONS

- 6.1 An Equality Impact Assessment screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EqlA has not been carried out.

7. FINANCIAL IMPLICATIONS

- 7.1 A total of eleven (11) mini competitions have been undertaken via the DPS with an estimated value of £8.5 million. Please refer to appendix 3 of this report for the status of each mini competition as of 31st August 2017 and the individual estimated value of the packages of works.
- 7.2 The indicative overall accumulative value of the external works packages for the Lower Rhymney Valley is estimated at £16 million; however this is subject to change.
- 7.3 All Contracts awarded via the DPS mini competitions will be approved in accordance with the value thresholds as stated in the Council's SOfC and ongoing spend monitoring will be managed via the Council's Contracts Management Module. The status of WHQS contracts will be reported to representatives of the WHQS Project Board on a regular basis.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATIONS

- 9.1 The report reflects the views of the consultees.

10. RECOMMENDATIONS

- 10.1 There are no specific recommendations within this report, however members are asked to note the content of the report in relation to the Council's Dynamic Purchasing System (DPS) for the Provision of General Builders.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 Information report only.

12. STATUTORY POWER

- 12.1 Local Government Act 1972, The European Union Treaty & Directive made thereunder, Public Contract Regulations 2015.

Author: Elizabeth Lucas, Head of Procurement and Customer Services.
Consultees: Councillor Barbara Jones, Deputy Leader and Cabinet Member for Finance, Performance and Governance;
Councillor Colin Gordon, Cabinet Member for Corporate Services;
Councillor Lisa Phipps, Cabinet Member for Homes and Places;
Nicole Scammell, Acting Director of Corporate Services & Section 151 Officer;
Christina Harry, Corporate Director Communities;
Shaun Couzens, Chief Housing Officer;
Marcus Lloyd, WHQS and Infrastructure Strategy Manager;
Ian Evans, Contracts Manager, Procurement Services;
Derek Morris, Principal Procurement Officer, Procurement Services;
Natasha Ford, Supplier Relationship Officer, Procurement Services;
Jemma Ford, WHQS Supplier Relationship Officer, Procurement Services;
Rebecca Francombe, Buyers Assistant, Procurement Services.

Background Papers:

CCBC/PS1490/17/DM;

EU Procurement Directives 2014;

UK Public Contracts Regulations 2015; &

Caerphilly CBC, Standing Orders for Contracts.

Appendices:

Appendix 1: Memorandum of Understanding (MoU) and Guidance Document;

Appendix 2: Full list of Contractors on the DPS;

Appendix 3: Status of Mini Competitions up to 31 August 2017.