

**REQUEST FOR DECISION**

2013/32

**Title:** A Select list of pre-qualified suppliers for bidding small construction contracts.

**Executive Summary:**

- (i) This report will seek the PCC approval of an approved contractor list for 20 pre-qualified suppliers, from which Property Services will compile tender lists for small works (under £2m in value).
- (ii) The report seeks to re-fresh an existing list of approved suppliers which were approved and noted in Financial Instructions.
- (iii) The suppliers named in Appendix (A) of the report to placed on an approved list banded in two capability sections – works up to £300k and works up to £2m.
- (iv) The use of the proposed approved contractor list of contractors for a term of two years.

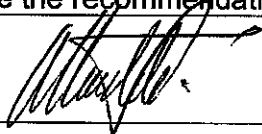
**Recommendation:**

The Police and Crime Commissioner is invited to agree the award of a place on the select list of suppliers to all those companies listed at Appendix(A)

**Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**



**Date** 24-9-13

## **PART 1 – NON-CONFIDENTIAL**

### **1 Introduction and background**

In June 2011, the Thames Valley Police Authority approved the formation of an Approved list of suppliers for bidding for small construction projects. This was adopted and integrated into the Force Financial Instructions.

The initial list comprised 17 pre-qualified contractors from whom individual tender lists would be selected based on interest expressed by the contractors, capability and amount of current workload (to ensure that no one contractor would be overloaded with work). Numbers of contractors on each tender list would comply with the requirements of the Force Financial Regulations according to the size of the project (typically between 4 and 6 contractors).

The 17 contractors comprised a mixture of smaller and larger contractors located both within the TVP force boundaries and outside, albeit within a reasonable travel distance. A number of contractors limited their expression of interest as to locations of projects. The stated benefit of use of the Approved list was to achieve tender lists more appropriate for the work and to ensure a higher proportion of tender returns were obtained to ensure that best value was achieved through the tender process. The approved list would comprise pre-approved competent contractors assessed on capabilities, health and safety records and financial stability amongst other assessment criteria.

The reasons for the introduction of an “Approved” list include:

1. Random tender lists from Construction line have resulted in low levels of tender returns, with often less than 50% of bidders returning tenders by the due date. In one instance only one tender was returned out of 6 invited.
2. It had been difficult using Construction line to engage local SME's, thus not supporting our social values requirements.
3. Efficiency - Without the reduced “Approved” list, separate PQQ enquiries would need to be issued via “Bluelight” which would then need reviewing in order to shortlist contractors. From some projects (and consultancy enquiries) which have been advertised using this process, anything between 30 and 150 responses have been received. To review this would take a number of days for a member of staff in the Property Services Department (most likely the QS) and a similar time for a member of the Contracts Department for each project.

#### **Benefits of this approach:**

By using the Approved list, with a consistent number of key contractors, it has been noted that more consistent tenders have been achieved. This has been reflected in a number of more recent tenders in the current FY where a close grouping of a number of tenders have been received and within budget. Examples of this include:-

- Bessemer Close Phase 1 - £7,000 (1%) between lowest 2 tenderers
- Upper Heyford Internal Services - £1600 (1%) between lowest 3 tenderers
- Slough Phase 4 - £2,000 (1.4%) between lowest 2 tenderers
- Bicester PS Heating and Electrics - £18,000 (6%) between 4 out of 5 tenders

The establishment of an approved list of suppliers has been highly successful in bringing to fruition many of the recent small works projects in a faster, more efficiently operated and cost effect way. In conjunction with the Bluelight e-portal for mini-tenders this has been proven to work well.

1. Tender lists can be prepared quickly and are based on interest and availability of contractors
2. A more responsive tender return is achieved
3. Familiarity of TVP projects and standards
4. Development of a "core" of contractors and staff who have been security vetted
5. A list of contractors who are perceived to be "competent" under the Construction Design and Management (CDM) regulations 2007
6. Contractors who have pre-approved financial limits which avoids undertaking financial checks on a regular basis
7. Value for money by achieving a good spread of competitive tenders

## **2. Overview of the tender process - Tender Evaluation and Financial Comments Pre-qualification process for the Approved List and Qualification Criteria.**

The opportunity was advertised utilising the "Blue light" e-portal. All companies who registered an interest in the opportunity could download and return a questionnaire which included information about:

1. Company Structure
2. Company Finances
3. Health & Safety
4. Direct and sub-contracted employees
5. Previous experience, especially with other emergency services
6. Preferred areas of working
7. Insurance cover

Of an initial interest of 184 companies, 78 submissions were returned. A first assessment as to the suitability and completeness of returns immediately discounted 26 submissions. This was to exclude those companies who were not "general" contractors as advertised in the enquiry and were specialists in a single field only (for example concrete repairs, demolition etc). The remainder were then assessed against the scoring matrix set out in the pre-qualification document. This was undertaken jointly by Property Services and Contracts Department, with the financial appraisals by Corporate Finance.

The total potential score from the appraisals was 1410 points. A set qualification target of 1250 was used and all contractors scoring less than this figure were discounted. Additionally, a number of contractors were also discounted due to their unsuitability to undertake the works (for example suppliers of modular buildings). The remaining 20 contractors were profiled based on interest to service Force areas and ability to sensibly

service those accounts. The two financial groupings of contractors were based on a detailed analysis of their financial strength. This enables the SME's (many local) companies to have the opportunity to access work up to £300k.

(The two lists are referred to in Appendix A – non-disclosable)

### **3 Financial Implications**

At this stage the process has only provided a list of companies to tender for work. Competitive prices have not been sought as this will follow when each requirement is identified and selections of the available contractors are picked to tender a particular project in accordance with Force Financial Regulations.

A central record will be held, by the Quantity Surveyor in Property Services, recording the number of tender opportunities offered to each contractor, together with their position in each tender return and value of contract compared to assess contract value. This will continue to ensure that an audit trail is maintained of the process.

### **4 Legal comments**

The bids are fully compliant with European Union Directives. Being less than the £4.348m, they are below the threshold and do not attract the full OJEU procedure

### **5 Equality comments**

None have been identified; however all contractors are expected to comply with the TVP Force aims and values.

### **6 Background papers**

Pre-qualification documents

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

**Is the publication of this form to be deferred? No**

**Is there a Part 2 form? Yes**

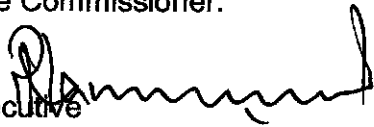
Name & Role	Officer
<b>Head of Unit</b>	Head of Property Services
<b>Legal Advice</b> The bids are fully compliant with European Union Directives. Being less than the £4.348m, they are below the threshold and do not attract the full OJEU procedure	
<b>Financial Advice</b> No financial implications at this stage	Director of Finance
<b>Equalities and Diversity</b> No specific issues arising from this report	

**PCC CHIEF OFFICERS' APPROVAL**

We have been consulted about the report and confirm that appropriate financial and legal advice have been taken into account.

We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Chief Executive



Date 28 August 2013

Chief Finance Officer



Date 28 August 2013