

**EXECUTIVE BOARD – 16 MAY 2017**

<b>Subject:</b>	To renew and tender a number of highway and electrical service and supply framework contracts
<b>Corporate Director(s)/Director(s):</b>	Andy Vaughan, Corporate Director of Commercial & Operations Gordon Thomson, Director of Energy, Waste & Highways
<b>Portfolio Holder(s):</b>	Councillor McDonald, Portfolio Holder for Business, Growth and Transport
<b>Report author and contact details:</b>	Chris Keane, Head of Highway and Energy Infrastructure Tel: 0115 876 1363      Email: chris.keane@nottinghamcity.gov.uk Peter Wells, Infrastructure Asset Manager Tel: 0115 876 1351      Email: peter.wells@nottinghamcity.gov.uk
<b>Subject to call-in:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
<b>(a)</b>	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
<b>(b)</b>	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
<b>Total value of the decision:</b>	£52,000,000
<b>Wards affected:</b>	All wards
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Theme:</b>	
Strategic Regeneration and Development	<input checked="" type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input checked="" type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>Highway and Energy Infrastructure serves Nottingham City Council (NCC) as a highway, mechanical and electrical contracting arm. The delivery of these works is a key part of the City Council's Commercialism Strategy and the in-sourcing of delivery works where it is economically advantageous to do so.</p> <p>To support the service it is essential to have access to supplies and services. This report outlines the requirements for NCC to let a number of service and supply framework contracts.</p>	
<b>Exempt information:</b>	None
<b>Recommendation(s):</b>	
<b>1</b>	To approve the procurement of replacement Framework Agreements in-line with Public Procurement Regulation 2015.
<b>2</b>	To delegate authority to the Corporate Director of Commercial and Operations to approve the award of the Framework Agreements in-line with the criteria set out within the tender documentation.
<b>3</b>	To delegate authority to the Director of Energy, Waste & Highways to call off contracts under the Highways Framework Agreement up to the value of £999,999.

## **1 REASONS FOR RECOMMENDATIONS**

1.1 The Authority adopts a mixed approach to the delivery of highway work which utilises the Council's own skilled workforce and fully supports the City Council's ambitious commercialisation agenda.

1.2 Releasing the frameworks in this manner will result in the following advantages;

- A value-for-money delivery model with no fixed financial commitment to use the framework.
- Opportunities for local Small Businesses to tender for the work.
- The potential for a local workforce through indirect supply chain employment

1.3 The delivery model has number of additional benefits including;

- Strong links to our corporate value and objectives
- A highly flexible and responsive structure to accommodate short term changes to design programmes.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 It is essential that the authority has a compliant procurement route for the delivery of our highway construction and maintenance activities.

2.2 A summary of the Framework Agreements are listed below;-

<b>Framework Contract</b>	<b>Contract Value (4 year period)</b>
Supply of Highway Construction Materials	£16m
Supply of Asphalt	£6m
Supply of Ready Mixed concrete	£3m
Supply of Loose Aggregates	£3m
Supply of Electrical Materials	£8m
Supply the Mechanical and Plumbing materials	£8m
Supply of Operated Plant	£5m
Supply of Non Operated Plant	£3m
<b>TOTAL</b>	<b>£52m</b>

2.2 It is anticipated that the contract model will satisfy the funding requirements for European Regional Development Fund (ERDF), the Department of Transport (DFT), and the Regional Local Enterprise Partnerships (LEP).

2.3 To enable procurement of best value, whilst incorporating the authority's needs, it is vital that supply and service framework contracts are in place to support and enhance the Highways and Energy Infrastructure in-house workforce, along with encouraging local employment and spend.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Not renewing the Network of Highway Frameworks– this would mean no authorised procurement in place for the provision of goods/services and as such would not be compliant with Nottingham City Council’s Financial Regulations and Public Procurement Regulation 2015.

### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The proposal seeks the continued use of the listed Framework Agreements in order to commission Highways Delivery in line with Nottingham City Council’s Financial Regulations and Contract Procedure Rules, and Public Procurement Regulation 2015.
- 4.2 The framework does not guarantee any value to successful contractors therefore Nottingham City Council is not committed to any expenditure. Approval to extend this Framework Agreement does not carry a contractual commitment to spend resources.
- 4.3 Value-for-money is expected through economies of scale, using a flexible and responsive local structure and the sharing of local expertise. By using an efficient framework, this maximises the potential to achieve Nottingham City Council’s commercialisation agenda, whilst also supporting delivery of the Council Plan, and the Commercial & Operations Business Plan.
- 4.4 The framework satisfies funding requirements for a variety of bodies which will maximise external income to Nottingham City Council.

Advice given by Tania Clayton-Perez (Commercial Business Partner) on 20<sup>th</sup> April 2017

Advice given by Claire Gavagan (Strategic Business Partner) on 21<sup>th</sup> April 2017

### **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

- 5.1 The City Council has an obligation to ensure its procurement will be fair open and transparent. All procurement activity arising from the report will be carried out in accordance with European & UK procurement Regulations. There are no significant concerns with the recommendations set out in the report.

Advice given by Sue Oliver (Category Manager Places) on 12<sup>th</sup> April 2017

Advice given by Brian Stewart (Solicitor) on 19<sup>th</sup> April 2017

### **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The overall procurement arrangements ensure delivery of specialist elements and flexibility in programming. We will endeavour to encourage local companies to bid for the contracts when they become available.

### **7 EQUALITY IMPACT ASSESSMENT (EIA)**

- 7.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

The Equality and Diversity team have confirmed that an EIA would not be required due to the nature of the contracts.

**8 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT  
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT  
INFORMATION)**

8.1 None

**9 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

9.1 None