

Clients Introduction to Repairs & Maintenance Framework

Alan Coole

Scape

Dave Lowe

Value By Design Ltd

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INTRODUCTION

Aims & Objectives of Today

An Introduction to Scape and empa

To provide a common understanding

To understand how the framework was procured

To look at the benefits available

Mini competition

NEC Term Service Contract



AGENDA

Introduction to Repairs & Maintenance Framework <ul style="list-style-type: none">•Aims & Objectives•Competitive Dialogue•Why & how this delivers VfM•Who can use the Framework?•How to use the Framework	09.30
Mini Competition <ul style="list-style-type: none">•The process•Information required•Marking & Weightings•Interviews/evaluation•Signing up a successful Contractor – Memorandum of Agreement	10.30
NEC Term Service Contract <ul style="list-style-type: none">•Principles & Key Terms•Service Information•Open Book, Target Costing & Cost Modelling•Compensation Events	12.00
Close	13.30

Scape System Build Ltd is:
Local Authority Controlled Company
Trading Company for CLASP
EU Procurement Directive
•Contracting Authority
•Central Purchasing Body

Shareholders:

Derby City
Derbyshire
Gateshead
Nottingham City
Nottinghamshire
Warwickshire



*“A knowledge based organisation,
committed to improving the efficiency of
the whole building process for Local
Authorities through Scape design
services and a strategic procurement
service”*

Consultancy

- New Build – Scape Technology
- Refurbishment advice

Strategic Procurement

- New build projects
- Maintenance programmes
- East Midlands Property Alliance managing agent
- Design Team Framework



What Gershon said.....

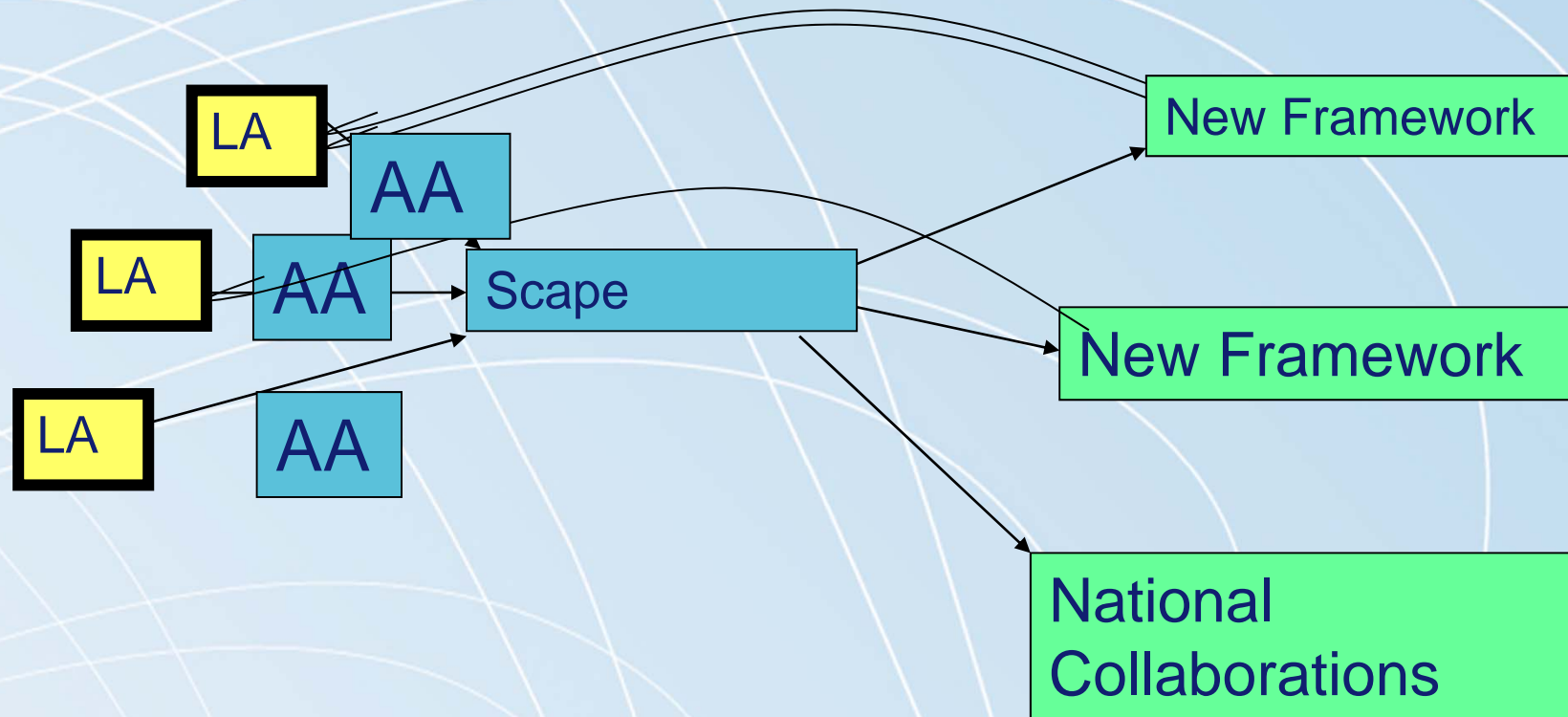
Efficiency in the public sector involves making best use of the resources available for the provision of public services...that achieve

- reduced numbers of inputs (e.g. people or assets), whilst maintaining the same level of service provision
- additional outputs, such as enhanced quality or quantity of service, for the same level of inputs

In short, “more for less”

What the CBI say about tendering

- “being tempted to select construction partners exclusively on the basis of lowest tender ...is a mistake ...forces suppliers to become engaged in a ‘race to bottom’
- “has negative short and long-term consequences ...having high number of defects, abandon whole life value and fail to deliver the desired outcome for end users ...and leads to costly legal disputes”
- “frameworks ...encapsulate all gains ... to raise standards and deliver better outcomes for clients”



How do the Delivery Contracts Work?

Scape Analysing, Refining, Procuring, Delivering Services to Local Authorities through collaborative developments.

Solution enhanced by empap

- Scale - Flow of projects**
- Providing an infrastructure for management**
- Common approach to the market**
- Reduced costs of procurement**
- Reaching the supply chain**

Solution enhanced by emp

- **Training – Skills academy**
 - **Developing the client side**
 - **Improving contractors**
- **Economic and social sustainability**

Strategies on Supply Chain Tendering

- **Local/vfm**
- **Fair Payment**
- **Customer to make their policies clear.**
- **Contractor required to deliver best value**
- **Contractor's methods of operation**
- **Exercise judgement around.... size, complexity, availability in market etc**
- **Allowances for the unforeseen or ill defined**

Risk Management

There is risk for the client therefore:

- Identify it**
- Evaluate it**
- Accept it**
- Report it**
- Manage it**

Current Members and Participants

Sub-Region 1

1. Bolsover DC
2. Derby City
3. Derbyshire CC
4. Derbyshire Dales DC
5. Erewash
6. High Peak BC
7. NE Derbyshire DC
8. Sth Derbyshire

Sub-Region 2

1. Ashfield DC
2. Broxtowe BC
3. Newark & Sherwood
4. Nottingham City
5. Nottinghamshire CC
6. Notts Police

Sub-Region 3

1. Lincolnshire CC
2. Nth Kesteven DC
3. Lincoln City

Sub-Region 4

1. Lincolnshire CC
2. South Kesteven DC
3. South Holland DC
4. Rutland CC

Sub-Region 5

1. Blaby DC
2. Charnwood BC
3. Daventry BC
4. Harborough DC
5. Hinckley & Bosworth BC
6. Leicester City
7. Leicestershire CC
8. Melton BC
9. NW Leicestershire DC
10. Oadby & Wigston BC

Sub-Region 6

1. Corby BC
2. Daventry DC
3. E Northamptonshire DC
4. Kettering BC
5. Northampton BC
6. Northamptonshire CC
7. S Northamptonshire DC
8. Wellingborough BC
9. Warwickshire CC

- 38 of 46 authorities participating
- 28 authorities have projects in progress
- other public bodies are looking to join

empa's activities delivered by Scape

Large projects framework - **£7.5 - £30m** - Live

Intermediate framework - **£2 - £7.5m** – Live

Minor Works framework - **£10K - £500K - £2m** – Live

Repairs & Maintenance framework – January 2011

Strategic Asset Management – Live

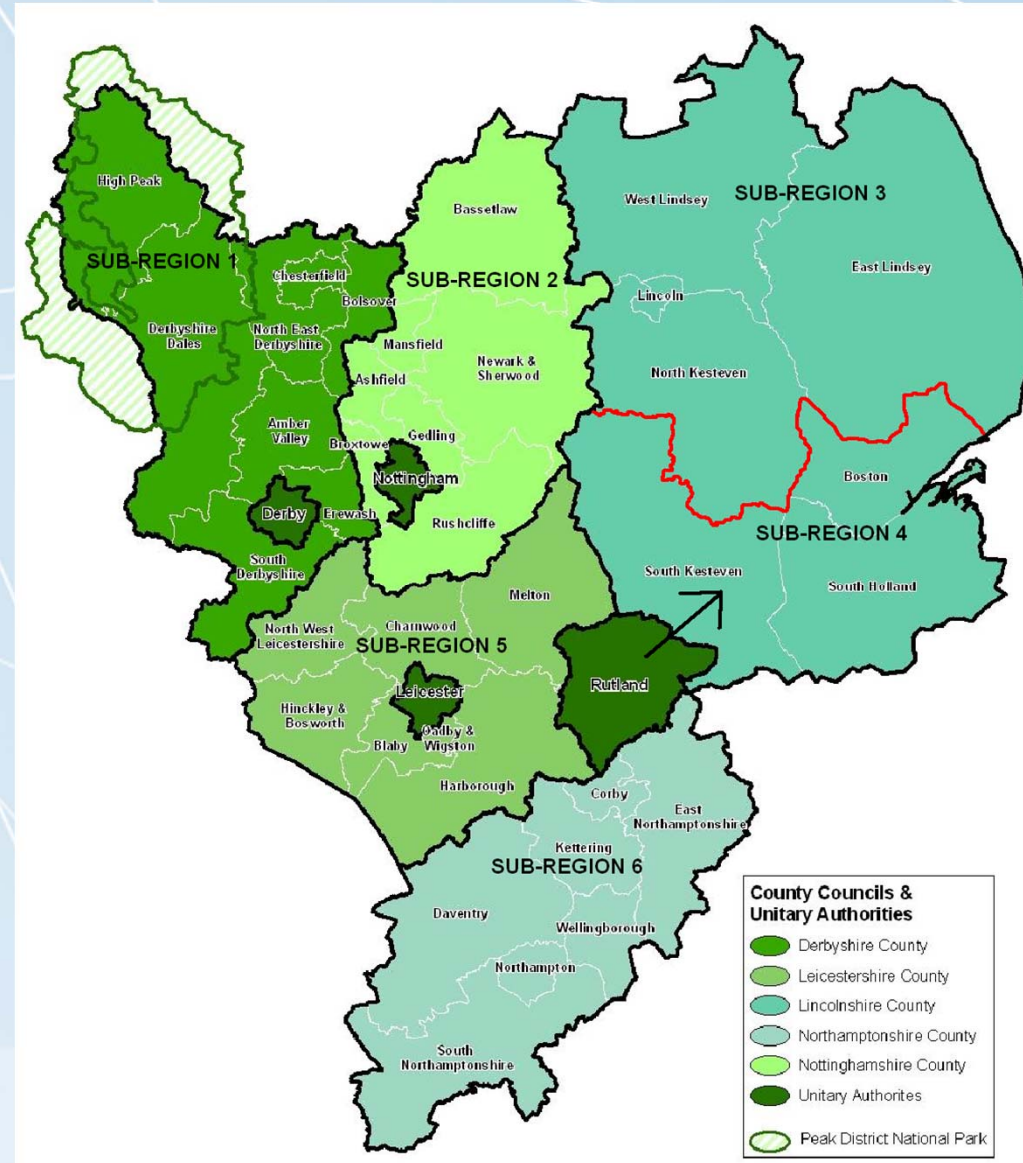
Design & Technical services – April 2011

Training academy - Live

Regional supply chain development - Live

Large & Intermediate operate region wide

Minor works in sub regions



Contract Forms:

- | | |
|------------------------|---------------------|
| Intermediate Framework | - NEC Option C |
| Minor works upper band | - NEC Option C |
| Minor works lower band | - NEC Short version |
| Repairs & Maintenance | - Term Service |

INTRODUCTION

Competitive Dialogue

An OJEU compliant procurement route

A process that allows specifications and processes to be developed

Gets the best from the market

Clients control development pace



INTRODUCTION

Why & how this delivers benefits for clients

- Value for money by getting the best from the market
- Quick procurement
- Improved process
- Documentation provided
- Delivery locally through the supply chain
- empa Academy



INTRODUCTION

Why & how this delivers benefits for you

- Assists your performance
- Technical back-up from Scape
- Gives you more time
- Long term solution
- Provides training
- Enhances skills



INTRODUCTION

Who can use this framework

- **Local Authorities**
- **Blue Light services**
- **Housing**
- **Other Public Bodies**

INTRODUCTION

How to use the Framework

- Frameworks now require an award process to allocate work during their duration.
- This evaluates the most economical advantageous tenders through a 'mini competition' process
- Mini competitions are quicker than traditional tendering & ensure value for money is demonstrated.
- All contracts sit under the Framework Agreement & are between you the client & the successful Contractor



MINI COMPETITIONS

The process

1. Starts with identification of a need that fits within the scope of this Framework.
2. Gather approvals & details
3. Contact Scape & discuss requirements
4. Collate information for tendering (mini-competition) process
5. Commission Scape to undertake a mini competition
6. Evaluate submissions
7. Appoint contractor & commence works



MINI COMPETITIONS

Information Required – ‘Project Information’

- Description of its requirements & scope,
- Identify Management Approach Fully or Partially Managed or ‘On demand’.
- Any internal approvals including TUPE consultation provisions;
- Estimated budget
- Award criteria to be used and weightings
- A draft programme
- Confirmation of Delivery Agreement details for Memorandum of Agreement;
- Project technical requirements, e.g. specifications, output specifications, affected property lists etc; and
- Cost Model/ reimbursement model data

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MINI COMPETITIONS

Marking & Weighting

Technical Solution	Client determined %
Local Benefit	5%-20%
Local Impact	5%-20%
Security of Supply	0%-20%
Method of delivery	10%-40%
Environmental benefit/legacy	0%-10%
Continuous Improvement	0%-10%
Continuity Proposals	0%-5%
Technical Compliance/Standards	10%-30%
Proposed Team Skills & Suitability	10%-30%
Fit for purpose/suitability of solution	10%-30%
ICT/Communications Solutions	0%-10%
Framework Performance	0%-15%
Delivery model suitability i.e. Supply chain	0%-10%
Stakeholder engagement/liaison proposals	0%-10%
References (within Framework)	0%-20%

MINI COMPETITIONS

Marking & Weighting

Financials	
Cost/affordability	20%-60%
Life cycle cost assessment	0%-20%
Value Engineering solutions	0%-15%

MINI COMPETITIONS

Marking & Weighting – evaluation model (sample)

	Weighting	Answer not supplied	Deficient – response insufficient / irrelevant information provided	Limited - relevant information provided but lacking in some details or response only partially addresses question	Satisfactory – an acceptable response in terms of detail, accuracy and relevance	Comprehensive – a comprehensive response in terms of details and relevance	Superior – as Comprehensive but to a significantly better degree
Technical Solution				Poor explanation/ understanding	Some weaknesses	Minor weaknesses	No weaknesses
Local Benefit	5%	Clear demonstration of Solution benefits (quantified wherever possible), specifically to communities SME organisations and empa Members, rationalised as direct and in-direct benefits derived from the Contractors approach to the delivery of Services.					
Contractors are required to demonstrate how their mini competition Solution will maximise local benefit on communities, SME organisations and empa Members.		Notes:					
250 words or less.							



MINI COMPETITIONS

Interview & Evaluation

Scape will facilitate the process, work with client to map evaluation requirement & produce evaluation model/matrices

Client team to mark

Interviews – if required – between evaluation team & contractors to assist understand bids & clarify.

Award notified by Scape



MINI COMPETITIONS

Signing up a Contractor

- Successful Contractor's submission accepted
- Memorandum of Agreement accepted & signed
- Contract between Client & Contractor, underpinned by Framework Agreement i.e. overarching principles, costs, processes etc.
- Each Client is independently responsible for the award of Delivery Agreements



MINI COMPETITIONS

Memorandum of Agreement

- MoA “fills the gaps” in NEC Contract
- Draws relevant project information into a Contract



MINI COMPETITIONS

Assistance

- To assist in this process Scape have produced:
 - a step by step guide
 - Combined tender document & evaluation form
 - Model Delivery Agreement & Memorandum of Agreement
- Scape Framework Managers will facilitate the tender process & provide further guidance & assistance.



MINI COMPETITIONS

Partners

	SR1	SR2	SR3	SR4	SR5	SR6
Kier	Y	Y	Y	Y	Y	Y
Willmott			Y	Y		Y
Enterprise	Y	Y	Y	Y	Y	Y
Olivetti					Y	
Woodhead		Y				
Derbyshire	Y	Y				

NEC SUITE OF CONTRACTS

The 'New Engineering Contract'

The contract of choice for OGC, Scape & significant proportion of UK partnering projects



NEC SUITE OF CONTRACTS

Summary of NEC Suite

- Engineering and Construction Contract (ECC)
Options A – F
- Engineering and Construction Short Contract (ECSC)
- Engineering and Construction Subcontract (ECS)
- Engineering and Construction Short Subcontract (ECSS)
- Professional Services Contract (PSC)
- Adjudicator's Contract (AC)
- Term Service Contract (TSC)
- Framework Contract (FC)

NEC SUITE OF CONTRACTS



- Procurement Plan



- Guidance Notes



- Flow diagrams



- Managing Reality Guide

NEC'S REMEDIES

The NEC Suite to provide:

- Flexibility
- Clarity
- Stimulus to good project management
 - Principles of effective communication
 - Mutual Trust & Cooperation



NEC'S REMEDIES

Achieving Flexibility

Structure – Options inclusion

International – No paraphrasing English Law

One size fits most – D&B to Cost Plus! Dependant on Works & Site Information

Procedure transparency between disciplines

Integrated subcontracts – NEC SC/SCSH/PSC



NEC'S REMEDIES

Achieving Clarity

Simple language - “Plain English”, avoid legal terms and cross references

Clearer structure and clause construction

Clearer decision matrix – actions for events, basis decisions

Avoid (mostly) subjectivity

Link to flowcharts & Guidance

NEC'S REMEDIES

Achieving Clarity...cont'd

Repetition of terminology (consistent)

Hierarchy of contract clauses through options

Avoidance of project specifics (Site/Works Info)

No paraphrasing existing law (International use)

No nominating of Sub Contractors

NEC'S REMEDIES

Stimulus for Good Project Management

Proactive - Early identification and cooperation

Motivational – Incentives to cooperate

Roles & Responsibility – clear identification, increases accountability and incentivises

NEC'S REMEDIES

Proactive - Early identification and cooperation

Incorporation of “Early Warning” before events occur to reduce impact

Updating programme regularly

Includes method statements/resources etc

Pre-emptive assessments of time/cost

Clear lead in and response time for communication



NEC'S REMEDIES

Motivational – Incentives to cooperate

Clear list of “Employer Liable” events – variations = compensation events

Clear format for cost calculations and variations to programme/costs

CE events paid in real costs through open book not hypothetical

Sanctions on Contractor for:

Early Warnings/1st Programme/Updated Programme/
timely quotations

NEC TERM SERVICE CONTRACT

Key Principles

Collaborative

Open Book & Defined Costs & Target Cost

Designed for flexibility of use

Fair & transparent procedures.



NEC'S CORE CLAUSES

Core 'clauses' 1 to 9 with sub clauses

- 1 General – definitions, applicable law
- 2 Contractor's main responsibilities – works, S/C
- 3 Time – programme, Key Dates, access to site
- 4 Testing and Defects - inspections
- 5 Payment – interim, defined costs
- 6 Compensation Events
- 7 Use of equipment, Plant & Materials
- 8 Risks and Insurance
- 9 Termination

EMPA OPTION C CLAUSES

Secondary Clauses

- X2 Changes in the law
- X4 Parent company guarantee
- X17 Low Service damages
- X19 Task Order

NEC TERM SERVICE CONTRACT

Key Terms defined

Employer -

Service Information -

Affected Property –

Accepted Plan -

Service Manager -

Compensation Events & Early Warnings –

Defined Costs & open book

Task Orders

'Fees'

- Management Level Fee

- Fees



NEC TERM SERVICE CONTRACT

Service Information

Details of requirements, specifications, output specifications, technical requirements, problems needing a solution...

Flexibility of approach depending on circumstances, opportunities for:

- Utilising *Contractor* skills to provide solution
- Improving on existing documentation
- Limiting liability

NB: Identifying Management levels required can be used to determine management input

NEC TERM SERVICE CONTRACT

Affected property

Where works are to be provided by Contractor.

Outline at mini competition

Variations to this may cause Compensation Event, or at least a change in Prices



NEC TERM SERVICE CONTRACT

Accepted Plan

How works are to be provided by *Contractor*

Outlined at mini competition by *Contractor*

Evaluated as part of mini competition by *Employer*

Includes Management Level plans

Requested variations by *Employer* to this may cause Compensation Event, or at least a change in Prices



NEC TERM SERVICE CONTRACT

Service Manager

Responsible for managing service on behalf of *Employer*, including, time, cost, quality management.

May be individual or team – identified at tender & at any time of delegation of change.



NEC TERM SERVICE CONTRACT

Compensation Events

14 standard 'events' that cause consideration for additional contractor time/cost allowances
i.e. Compensations.

Key details:

8 week window for notifications (unless *SM* should have notified)

Creates a quotation process

Based on open book or price list information

Discretion for *SM* to price

Obligation on both parties to advise using 'Early Warning' of issues
(consequences for not doing so)



NEC TERM SERVICE CONTRACT

Target Costing

Basic principle:

An estimate of costs including fees

i.e. 455 activities x £55 unit rate = £25,025.00 Target Cost

Actual cost for activities (as justified by accounts)

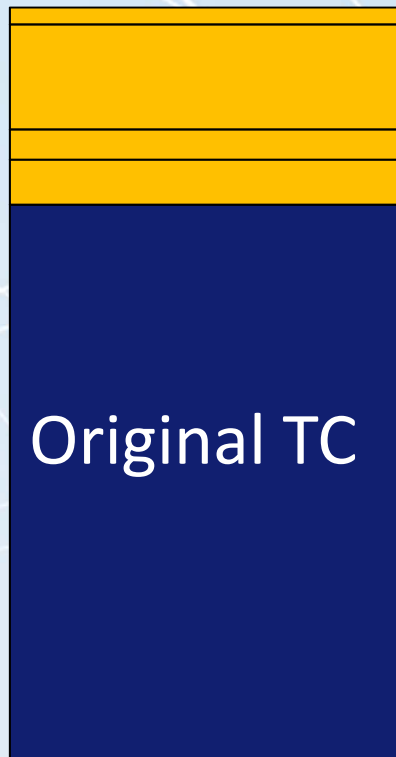
23,000.00 therefore under target & savings to be shared.

Also depends on the final frequency of activities! Less activities, less target cost.

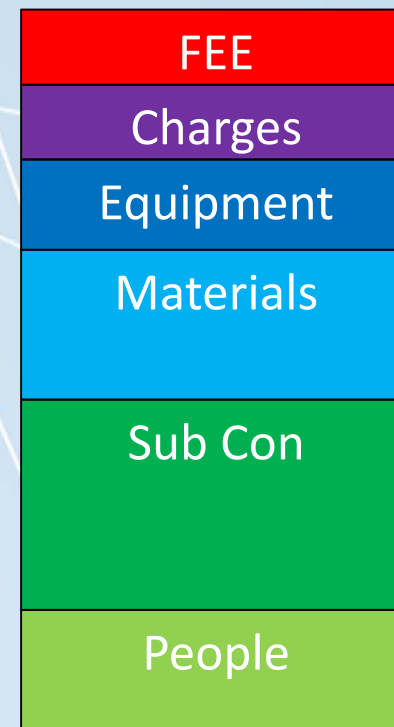
Difference between two is 'Contractor's Share'

TARGET VS ACTUAL

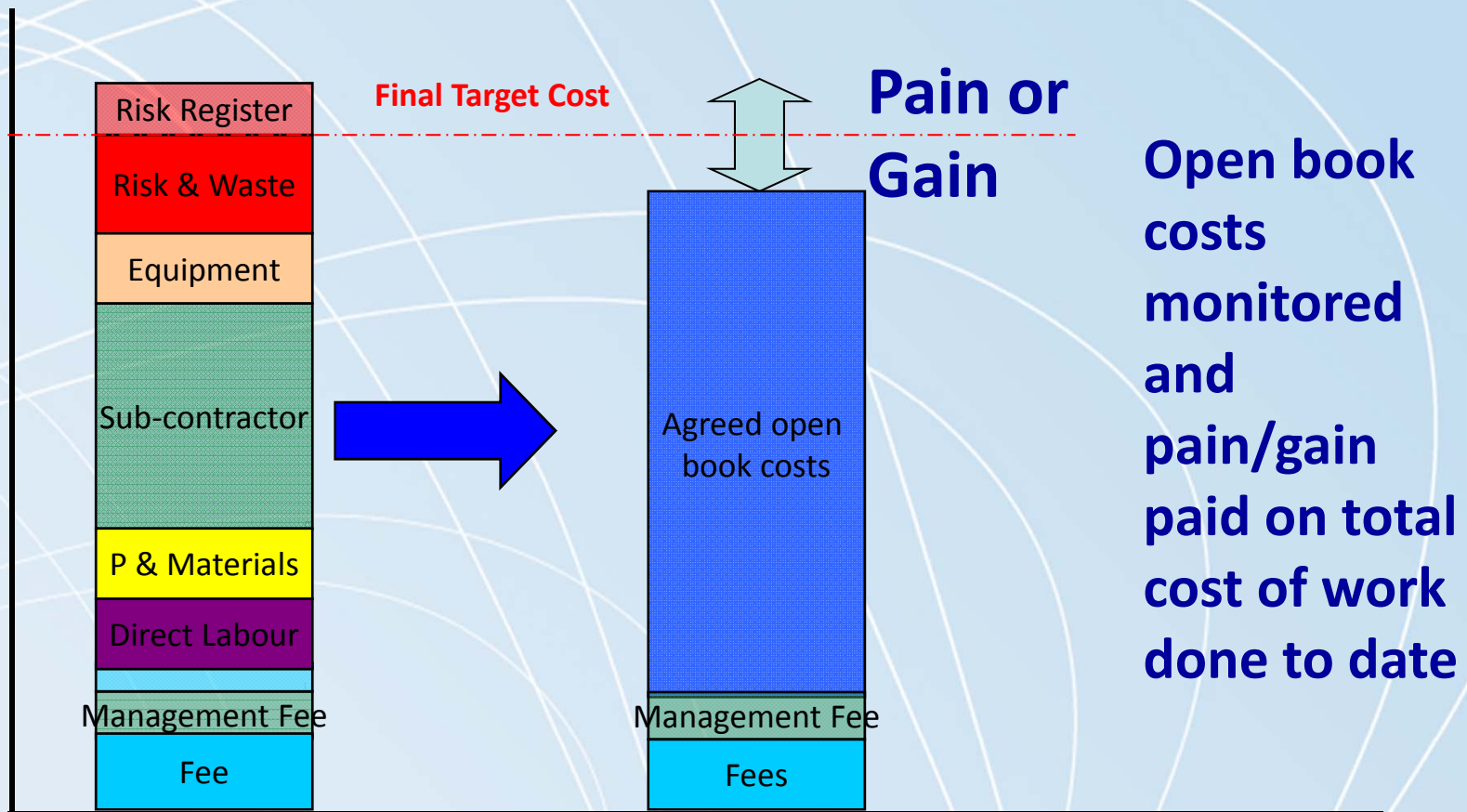
TARGET COST



ACTUAL COST



TARGET COST PRINCIPLES



NEC TERM SERVICE CONTRACT

Open Book & Defined Costs

Terminology

Price for services provided to date = defined costs plus fees
i.e. open book.

Prices = amount in price column x quantity in Price List

Empa has defined key costs, namely **staff/operatives rates** these are within the Framework Agreement along with **Fees & Management Fees**.

Disallowed costs ensure that doesn't become cost plus!



NEC TERM SERVICE CONTRACT

Task Orders

A 'contract' within a contract.

Allowing separate start/completion dates, delay damages, prices drawn from Price List or quotation process.

Avoids fresh process of draw down



NEC KEY PRINCIPLES

Don't put it off till tomorrow, manage the process today
Response periods are the maximum time scale not the minimum

Focus on project goal, work collaboratively

Use the Frameworks added value aspects to ensure good contractor and supply chain engagement

Register with Go2Frame to view all contract information

Use Early Warning meetings as a regular process not a last resort.

Communication, communicate, talk, avoids issues



EMPA - INTRODUCTION

East Midlands Property Alliance – launched on 31st March 2008

- 14 Authorities and counting
- Huge similarities between the EMPA members
- The members are keen to work together, because there are pockets of excellence which can and will be shared
- Frameworks to deliver services to the highest standards,
- Members are already taking the opportunity to share knowledge and existing services
- **Delivering a wide variety of work/services will be possible through an EMPA framework**
- **Raising the standard across the region**

