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| Meeting of:   | <b>Cabinet</b>   |
| Date of Meeting:  | <b>Monday, 14 March 2022</b>   |
| Relevant Scrutiny Committee:  | Environment and Regeneration   |
| Report Title:   | Engineering Contract for<br>Direct Labour and Plant Call-off Contract 2022-2024                                      |
| Purpose of Report:  | To obtain approval to procure and agree the award of the Direct Labour & Plant Call-Off Contract 2022 – 2024         |
| Report Owner:   | Cabinet Member for Neighbourhood Services and Transport  |
| Responsible Officer:  | Miles Punter - Director of Environment and Housing   |
| Elected Member and Officer Consultation:  | Operational Manager Engineering<br>Accountant Environment and Housing Services<br>Legal Services (Committee Reports) |
| Policy Framework:   | This report is a matter for Executive decision by Cabinet  |
| <p>Executive Summary:</p> <p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• This report details the tender process required for the Design &amp; Construction Section's Direct Labour &amp; Plant Call-Off Contract 2022 - 2024, which includes conditions for an extension of a further 12 months on agreement with the relevant contractors.</li> <li>• Based on the returned tenders and the further assessment exercise it is proposed to appoint 3 Contractors, ranked in the order that is the most financially advantageous to the Council, with allocation of work based on resources available to meet the delivery requirements of the Design &amp; Construction Section's work programme.</li> <li>• It is intended that the appointment of contractors to the Call off Contract will be initially for two years from the 1st July 2022 until 31st March 2024 with an option to extend the contract for a further 12 months.</li> <li>• The existing Direct Labour &amp; Plant Call-off Contract 2019/22 is required to be extended for 3 months from April to June 2022 at the tendered rates, to ensure that there are appropriate arrangements for essential business continuity.</li> <li>• The Contract(s) will be administered within the Engineering Section of Neighbourhood Services and Transport.</li> </ul> |  |

## **Recommendations**

1. That Cabinet confirms approval to procure the Direct Labour & Plant Call-Off Contract 2022 - 2024, for the provision of direct labour for future Highway schemes as referred to in this Report.
2. That Cabinet gives delegated authority to the Director of Environment and Housing, in consultation with the Cabinet Member for Neighbourhood Services and Transport, to award the contract(s) to the most economically advantageous tenderer and to extend the contract(s) in accordance with the contract terms.
3. That delegated authority is granted to the Monitoring Officer/Head of Legal and Democratic Service to draft and execute the contract(s) for the award of the Direct Labour & Plant Call-Off Contract 2022 – 2024.
4. That Cabinet delegates authority to the Director of Environment and Housing, in consultation with the Cabinet Member for Neighbourhood Services and Transport, to extend the existing Direct Labour & Plant Call-off Contract 2019-22 for an additional 3 months (April - June 2022) at the tendered rates, in order to facilitate the tender process, standstill period, evaluation and award of the Direct Labour & Plant Call-off Contract(s) 2022-24, to ensure no business or delivery continuity is lost.

## **Reasons for Recommendations**

1. To ensure compliance with the Council's Contract Standing Orders and Financial Regulations.
2. To ensure that the necessary legal documentation is in place for the contract.
- 3 **And 4.**

To ensure business continuity and delivery of ongoing capital financed construction projects prior to the award of the Direct Labour & Plant Call-Off Contract 2022 – 2024.

### **1. Background**

- 1.1 The existing Direct Labour & Plant Call-off Contract 2019/22 has successfully run for the last 3 years and based on the terms for the contract will terminate on 31st March 2022 (original contract extended in accordance with the terms of the original contract, from April 2021 to 31st March 2022 by means of 'Delegated Authority'). The delegation was approved by the Cabinet Member and Head of Service for Neighbourhood Services and Transport. The Contract provides for the provision of suitable labour resource in the form of 2 or 3 person construction gangs necessary to undertake Capital financed construction projects and other necessary highway works.
- 1.2 To ensure adequate labour resources are available to complete Capital construction projects approved in 2022/23 and 2023/24 and other highway

works, it is now necessary to procure a new contract to provide Direct Labour & Plant for financial years 2022/23 and 2023/24. The new contract will also include an option to extend the original two-year contract, for a further one year subject to the performance of relevant contractor(s) and both parties agreement in future.

## **2. Key Issues for Consideration**

- 2.1** The tendering exercise to secure the services associated with the Direct Labour & Plant Call-off Contract 2022-24 will be published via the Sell2Wales procurement portal, set up by the Welsh Government, to assist public sector buyers to advertise and manage procurement exercises.
- 2.2** It is anticipated based on previous years that the estimated spend per year procured through this contract will be approximately £800k.
- 2.3** The Call off Contract seeks to deliver value and efficiency in delivering Capital construction projects and other highway construction works by using external labour resource to supplement and strengthen the Council's in-house provision to ensure that construction programme needs are adequately met and appropriately managed for 2022-23 and 2023-24.
- 2.4** The Call of Contract is also required to provide sufficient flexibility in labour resource provision to allow the Council to vary programme delivery to suit Capital budget requirements and reflect Capital project and other highway works priorities throughout the financial year.
- 2.5** The provision of works under this contract will be awarded to the three most economically advantageous Contractors in the order that they score, based on a cost / quality matrix exercise comparison. Whereby the highest scoring tenderer will be offered works throughout the Contract period, if they are unable to provide suitable resource at any time in accordance with requirements of the Call off Contract then the works will be subsequently awarded to either the second or third placed tenderer, whichever prove to be the most cost effective and have suitable resource available to meet project and works delivery programme during the financial year, this however will be at the total discretion of the Council.
- 2.6** The Contract will be tendered via the Sell2Wales portal set up by the Welsh Government to assist public sector buyers to advertise and manage procurement exercises. The website is fully auditable. The tender will be open to all contractors and they will be required to complete a pre-qualification questionnaire as part of their tender submission.
- 2.7** It is intended that the appointment of contractors on to the Call of Contract will be initially for two years from 1st July 2022 until 31st March 2024 with an option to extend the contract for a further year subject to performance and agreement

as well as the Council's work requirements. Works awarded as a result of a Call-Off from this contract will be completed within the contract appointment and subject to any extension applied in future years.

- 2.8** The award of services under the contract will be financed from Welsh Government grant funded schemes, works identified via Section106 funding and various internal and/or external budgets approved for Highway improvement/ maintenance schemes on an annual basis.
- 2.9** The existing Direct Labour & Plant Call-off Contract 2019/22 is required to be extended for 3 months from April to June 2022 to ensure that there are appropriate arrangements for essential business continuity between the existing 2019/22 Contract ending on 31<sup>st</sup> March 2022 and the new Direct Labour & Plant 2022-24 Contract commencing, allowing for the required procurement, evaluation, and award period to be met.
- 2.10** The expenditure over the last three years of the existing Direct labour & Plant Call-off Contract 2019/22 is as follows:
- 2019/20: £330k  
2020/21: £563k  
2021/22: £585k (up to December 2021)
- The anticipated expenditure during a 3 month extension period (April – June 2022) is approximately £180k.
- 2.11** The Direct Labour & Plant Call-off Contract Contract(s) will be managed and administered within the Engineering Section of Neighbourhood Services and Transport in accordance with the contract awarded.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The well-being goals and objectives of the Well-being of Future Generations (Wales) Act 2015, are to be met by the implementing the Council's Direct Labour and Plant Call off Contract 2022-24.
- 3.2** A Prosperous Wales - employment of local contractors to assist in the provision of the Council's programme delivery to suit Capital budget requirements and reflect Capital project and other highway works priorities throughout the financial year.
- 3.3** A Resilient Wales - improvement of the highway infrastructure through capital programme and Section 106 schemes.

- 3.4** A More Equal Wales - improvements to the highway infrastructure, with measures and features being provided to accommodate all users including those with disability.
- 3.5** A Healthier Wales - contract will assist in the delivery of schemes under Active-Travel, improved pedestrian and cycle routes to encourage sustainable transport as an alternative to the private car.
- 3.6** A Wales of Cohesive Communities - contract will assist with the delivery of community improvements throughout the Vale of Glamorgan.
- 3.7** A Wales of Vibrant Culture and Thriving Welsh Language - delivery of highway schemes which improve the infrastructure to cultural locations, experiences, signage and lining schemes which meet the requirements of the Welsh Language Act.
- 3.8** A Globally Responsible Wales - deliver highway schemes in a sustainable and responsible manner by use of alternative methods and materials which will be adopted and utilised throughout the life of the contract.
- 3.9** Collaboration - this contract works directly with local contractors to deliver the Council's programme delivery to suit Capital budget requirements and reflect Capital project and other highway works.
- 3.10** Integration - Integrate with the Vale of Glamorgan's Wellbeing Plan, Active Travel INM and Local Transport Plan.
- 3.11** Involvement - between key stakeholders within the Vale of Glamorgan, Transport for Wales, Welsh Government and local contractors.
- 3.12** Long-term - providing new and improvements to the highway infrastructure throughout the Vale for the long-term benefits of communities and the local economy.
- 3.13** Prevention - Prevent existing problems of traffic congestion and its associated negative economic and environmental impacts from worsening. Prevent health and wellbeing problems within local communities by improving pedestrian and cycling routes.
- 3.14** Current and future generations of Vale residents and visitors enjoy the built and natural environments of the Vale of Glamorgan, through schemes delivered under this Contract.

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1** There are no budget requirements to appoint contractors on to the Council's Direct Labour and Plant Call off Contract 2022-24. The contract extension will be at the previously tendered rates, and award of works under the new contract will be financed from various Welsh Government funded schemes, Capital funded internal schemes and other highway improvement/ maintenance schemes on an annual basis.

### **Employment**

- 4.2** It is proposed to employ the 3 Contractors that are the most financially advantageous to the Council on a call-off basis dependant on resources and programme and at the discretion of the Council.

### **Legal (Including Equalities)**

- 4.3** The Council has a statutory duty to maintain the Highway pursuant to the Highways Act (1980). The Council also has statutory duty to improve the highway under the Road Traffic Act 1988 to reduce and prevent accidents wherever practicable.
- 4.4** The procurement exercise will comply with the Council's Contract Procedure Rules and the Public Contract Regulations 2015.

## **5. Background Papers**

None.