

# Finance and Resources Committee

10.00am, Thursday, 27 November 2014

## Extension of Existing Term Contract for the Provision of Hire and Maintenance of Heavy Plant Equipment (Reference CT3580)

Item number 7.21  
Report number  
Executive/routine  
Wards

### Executive summary

This report seeks approval from the Finance and Resources Committee to extend an existing Term Contract with Jarvie Plant Limited for the Hire and Maintenance of Heavy Plant Equipment.

This contract covers the hire and maintenance of a range of heavy plant items used by Road Services for road maintenance and construction. As a result of issues with the tender for a Framework Agreement to replace the existing Agreement, which was advertised in April 2014, the procurement was abandoned in July 2014. It was immediately re-advertised and will be awarded subject to approval from Finance and Resource Committee.

Subject to the approval of this Committee, the City of Edinburgh Council will extend the existing Agreement to 31 March 2015. A new, comprehensive Framework Agreement for the Hire of Plant is due to commence on 1 April 2015.

The estimated value for this extension is £234,257.

### Links

Coalition pledges [P30, P44](#)  
Council outcomes [CO26, CO19, CO22, CO25](#)  
Single Outcome Agreement [SO1, SO4](#)

## **Extension of existing Term Contract for the Provision of Hire and Maintenance of Heavy Plant Equipment (Reference CT3580)**

### **Recommendations**

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- 1.1 It is recommended that Committee waive Contract Standing Orders and extend the existing Term Contract with Jarvie Plant Limited for the Hire and Maintenance of Heavy Plant Equipment until 31 March 2015 at a total cost of £234,257.

### **Background**

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- 2.1 On 1 August 2009, Jarvie Plant Limited commenced a term contract for the Provision of Hire and Maintenance of Heavy Plant Equipment (Reference CT3580) for a period of four years, with an option to extend for a further 12-month period.
- 2.2 In March 2013, the Council and Jarvie Plant Limited agreed to exercise the option to extend the contract for a further 12 months.
- 2.3 The items provided under the above contract were intended to become one of the Lots within a larger Hire of Plant Framework Agreement that was planned to commence on 1 April 2014.
- 2.4 The preparatory work required for the new larger framework took longer than anticipated and it was therefore necessary that the existing framework be extended. On 1 April 2014, the Acting Head of Transport approved a waiver report to extend further the existing Term Contract from 1 August 2014 to 1 September 2014, with Jarvie Plant Limited, to allow the Council to complete the procurement of the new framework agreement.
- 2.5 Road Services worked with the Commercial and Procurement Service to develop, issue and award a new Hire of Plant Framework Agreement, with one of the lots covering the hire and maintenance of heavy machinery.
- 2.6 The Hire of Plant Framework was published on Public Contracts Scotland and in the Official Journal of the European Union on 25 April 2014 as an Open Procedure based on a price only evaluation. The deadline for this was initially 4 June 2014.

- 2.7 The decision was taken to abandon this tender process due to a number of issues that became apparent on return of the tenders. The main issues were:
- Poor Market response across the Hire of Plant Framework - An extremely low response was received for the Framework, with only 12 bids submitted across the nine lots and no bid was received from the existing supplier. On investigation, it was discovered that the issue lay with Public Contract Scotland alerting potential suppliers to the tender.
  - Changes required to the Framework Terms and Conditions – following a query regarding liability for suppliers operatives it was decided that the terms and conditions needed to be amended to address better this issue.
  - Evaluation issues in respect of compliance and commercial efficiency – partly as a consequence of the limited response, the rates quoted in the tenders received were significantly higher than the market rates and did not represent value for money.

## Main report

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- 3.1 This report covers a further extension to the existing contract from 1 September 2014 to 31 March 2015, with Jarvie Plant Limited. This extension will result in a cost of £234,257, which is 16.4% of the original contract value.
- 3.2 The extension will allow road maintenance and improvement schemes to continue to be delivered until the new Framework Agreement for the Hire of Plant is in place.
- 3.3 Road Services, in consultation with Commercial and Procurement Services, decided that, as the tenders returned for the Hire of Plant Framework Agreement did not meet the Council's requirements for the hire and maintenance of equipment or deliver value for money, the current tender process should be abandoned so that these issues could be reviewed and addressed. This has been done in the following ways:
- The Terms and Conditions, have been reviewed, revised and signed off by Legal Services.
  - Measures have been taken by Commercial and Procurement Services to notify incumbent suppliers once the tender documentation became available for download.
  - All equipment specifications and pricing schedules have been reviewed to ensure these are as comprehensive and as robust as possible.
  - Revising lead in times for the framework to become operational to allow suppliers to mobilise.

- 3.4 The outcome of the procurement for the Hire of Plant Framework is subject of a separate report to this Committee.
- 3.5 The period between Committee approval for the Framework Agreement, and the commencement date of the new Framework Agreement (on 1 April 2015), will allow the successful suppliers to mobilise and acquire the necessary new plant and vehicles.

### **Measures of success**

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- 4.1 Extending the existing Term Contract will allow Road Services to continue to undertake road maintenance and construction work for the intervening seven-month period.

### **Financial impact**

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- 5.1 It is anticipated that Jarvie Plant Limited will maintain their rates during the seven-month extension (to 31 March 2015).

### **Risk, policy, compliance and governance impact**

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- 6.1 The likelihood of challenge against this seven-month extension is deemed to be extremely low. This is due to the current supplier bidding for the future framework agreement.

### **Equalities impact**

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- 7.1 The content of this report has no impact on the Council's Public Sector Equality Duty (PSED).

### **Sustainability impact**

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- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable developments arising directly from this report.

### **Consultation and engagement**

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- 9.1 The Commercial and Procurement Unit undertook a full tendering exercise by placing a notice in the Public Contracts Scotland (PCS) portal, utilising the Open Procedure.
- 9.2 The incumbent supplier was contacted to notify them that the tender was to be advertised via PCS.

## Background reading/external references

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None.

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## Links

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<b>Coalition pledges</b>	<b>P30</b> – Maintain a sound financial position. <b>P44</b> – Prioritise keeping our streets clean and attractive.
<b>Council outcomes</b>	<b>CO26</b> – Engage with Stakeholders and work in partnership to improve services. <b>CO19</b> – Attractive Places and well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and the public realm. <b>CO22</b> – Moving Efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible. <b>CO25</b> – The Council has efficient and effective services that deliver on objectives.
<b>Single Outcome Agreement</b>	<b>SO1</b> – Edinburgh’s economy delivers increased investment, jobs and opportunities for all. <b>SO4</b> – Edinburgh’s communities are safer and have improved physical and social fabric.
<b>Appendices</b>	None