



**13.5** **PANEL OF SUPPLIERS - COMMERCIAL BUILDING SERVICES (MINOR CAPITAL WORKS) - DELEGATION TO CEO**

**EXECUTIVE MEMBER:** **LACHLAN JOHNSON, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE**

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**1. PURPOSE**

- 1.1 To update Council on the progress of public tender RFT000196 – Panel of Suppliers – Commercial Building Services (Minor Capital Works). A panel that is being established to assist with the delivery of capital building works.
- 1.2 To seek authorisation, and an accordingly temporary elevation of financial delegation, for the CEO to conclude the procurement process and award the contracts on behalf of Council. Noting that a public report will be presented to the first available Council meeting to put on record the procurement and award process.

**2. EXECUTIVE SUMMARY**

- 2.1 Council is the custodian of over 100 buildings across the municipality. These valued community assets are utilised to provide over 150 services. As part of Council's role, these assets are upgraded to be kept fit for purpose through a significant annual capital investment program.
- 2.2 In accordance with Council's Procurement Policy, works to upgrade these assets are procured through competitive pricing from the market. To date, the practice has often involved the utilisation of panel contracts and/or sole supplier arrangements that encompass both maintenance and capital works elements. This approach has proved problematic with the difficulty of predicting, and signalling to the market, the quantum of works to be procured when they represent a combination of proactive and reactive maintenance, and capital upgrades.
- 2.3 As such, working with Council's internal auditors and Audit and Risk Committee (ARCO), the decision has been made to establish dedicated capital works panels to facilitate this work. A civil works panel was established in early 2022 as part of this initiative. It is now proposed to establish a building works panel.
- 2.4 The purpose of the Panel and subsequent tender is for Council to establish a panel of suitably qualified and experienced Contractors with the necessary resources to undertake activities on and around Council's building assets to ensure the outcomes of the Enterprise Asset Management Plan 2022-32 and Asset Management Policy 2021 are achieved.
- 2.5 RFT (Request for Tender) RFT000196 – Panel of Suppliers Commercial Building Services (Minor Capital Works) was advertised on 19 November 2022, with a closing date of 12 December 2022.
- 2.6 Due to the closure date being after Council's final meeting for 2022, Officers are seeking approval for a temporary increase to the Chief Executive Officer's delegation



limit, enabling the CEO to conclude the procurement process and subject to that outcome, execute contracts with suitable tenderers on Council's behalf.

- 2.7 It is to be noted that there may be circumstances that arise during the tender evaluation process that may extend the evaluation timelines outlined in this report. In this scenario, officers would revert to standard process and present a recommendation to Council to award contracts with successful tenderers upon Council's return in February 2023.
- 2.8 The proposed contracts have an initial term of four (4) years with the option of two (2) further two (2) year terms, meaning a potential total contract term of eight (8) years.
- 2.9 Based on current financial projections and available data, the estimated expenditure for RFT (Request for Tender) RFT000196 – Panel of Suppliers Commercial Building Services (Minor Capital Works), over the potential life of the eight (8) year contract is approximately \$32.5M (inclusive of GST).
- 2.10 In line with Council's Procurement Policy 2022, Council is committed to maximising positive social, environmental, and economic outcomes through procurement.
- 2.11 Prospective tenderers will be required to provide responses as part of the public tender processes to demonstrate their activities and processes that align with Council's environmental and social procurement principles.

### 3. RECOMMENDATION

That Council:

- 3.1 Notes the planned usage of the Panel of Suppliers – Commercial Building Services (Minor Capital Works) in delivery of Council's annual renewal program.
- 3.2 Approves an increase of the Chief Executive Officer's delegation limit from \$1.0M (Inc. GST) to \$32.5M (Inc. GST), to enable the CEO to approve contracts with preferred tenderers during Council's non-sitting period from 9 December 2022 until Council resumes in February 2023.
- 3.3 Notes that a report will be presented upon the return of Council in February 2023, advising of the outcomes of the tender process and the successful tenderers.

### 4. KEY POINTS/ISSUES

- 4.1 Council is the custodian of over 100 buildings across the municipality. These valued community assets are utilised to provide over 150 services. As part of Council's role, these assets are upgraded to be kept fit for purpose through a significant annual capital investment program
- 4.2 In accordance with Council's Procurement Policy, works to upgrade these assets are procured through competitive pricing from the market. To date, the practice has often involved the utilisation of panel contracts and/or sole supplier arrangements that encompass both maintenance and capital works elements. This approach has proved problematic with the difficulty of predicting, and signalling to the market, the quantum of works to be procured when they represent a combination of proactive and reactive maintenance, and capital upgrades. As such, working with Council's internal auditors and Audit and Risk Committee (ARCO), the decision has been made to establish dedicated capital works panels to facilitate this work.



- 4.3 The establishment of a capital works panel for building works provides for a more agile and expediated mechanism to deliver these works whilst ensuring best value through a competitive market process. The panel provides a pool of appropriately vetted, credentialled and value for money suppliers for Council to draw upon to deliver these works.
- 4.4 Council undertakes an annual program of minor capital works across a broad range of building assets. Some examples of works to be undertaken include:
- Furniture and fixture improvement work
  - Window and flooring renewals
  - Fit out works
  - General carpentry, electrical and plumbing works
- 4.5 Based on current financial projections, asset management plans, and available data, the estimated expenditure for minor capital works on Council buildings over the life of the panel contract is estimated at \$32.5m (Inc. GST).
- 4.6 Council released the panel specification tender to market on 19 November 2022. The submission period closes on 12 December 2022.
- 4.7 Prior to establishing the panel, a Tender Evaluation Panel (TEP) was established. Additionally, tender evaluation criteria and filter criteria were also established. The evaluation criteria include:
- Ability to meet insurance and licensing requirements
  - Occupational Health and Safety (OHS)
  - Price (Schedule of Rates)
  - Capacity to meet the requirements of the technical specification
  - Relevant experience and performance record
  - Corporate Social Responsibility (CSR)
  - Quality and Risk Management
- 4.8 The establishment of the panel does not guarantee a provider, or all providers, a certain workload. It is simply a mechanism that enables Council to draw upon panel members to undertake works. Whilst the total anticipated spend of the panel is \$32.5m (Inc. GST) the amount of investment in the building assets, and therefore the work arising, is determined each year through the annual budget process.
- 4.9 Tenders are invited to submit prices on a schedule of rates basis. There is no lump sum component to this tender. Additionally, as a comparator, tenderers will be assessed on indicative work packages prepared internally. This will provide a means of comparative, competitive assessment to ensure best value.
- 4.10 The specification provided that the rates submitted are to be indexed annually in accordance with the ABS Producer Price Index.
- 4.11 Successful panel members, as part of their submission, must provide
- Hourly rates for core trades (i.e., electrician, plumber, carpenter, handyman) as well as the overall management, supervision, and delivery of the proposed



work. The percentage mark-up on supplier (or sub-contractors) rates that is to apply

- 4.12 The Contractors will be responsible for managing, coordinating, and undertaking the authorised works, and implementing the scoping, quoting, programming, work activities, and reporting of assigned works to:
- ensure public safety
  - maximise the life of the asset; and
  - sustain the functional requirements of each asset feature
- 4.13 It is the intention of the TEP to evaluate the tender over the December/January period and, subject to the evaluation, award the panel contract at the earliest opportunity. The last Council meeting of 2022 is 7/8 December 2022 with the first Council meeting of 2023 to be held in February 2023.
- 4.14 As such, it is recommended that Council delegate to the CEO the authority, subject to the evaluation outcome, to establish the panel of contractors. A full procurement report would then be brought to Council at the earliest opportunity in 2023 to place on the public record the procurement process.
- 4.15 As outlined above, if circumstances during the evaluation process cause delay in evaluating tenderers, officers will revert to standard process and present a report to Council to award contracts to successful tenderers, upon the return of Council in February 2023.

## 5. CONSULTATION AND STAKEHOLDERS

- 5.1 The development of the specification, panel approach and procurement plan has given consideration to the key elements of providing best value and establishing a process and that is agile and efficient to deliver important asset upgrade works.
- 5.2 Internal Council departments including Procurement & Contracts, Project Delivery and Maintenance have had extensive input into the development of the proposed panel.
- 5.3 As previously outlined, Council's Audit and Risk Committee and internal auditors have also provided advice and guidance on the separation of the capital upgrade works from maintenance activities.

## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 Pitcher Partners has been appointed as probity advisers to oversee the tendering process.
- 6.2 As part of the mandatory criteria, prospective tenderers will be required to hold:
- Public Liability insurance of \$20M.
  - Professional Indemnity insurance of \$5M
  - WorkCover Insurance
- 6.3 The tendering process is being conducted according to the provisions of the Local Government Act 2020 and Council's Procurement Policy and overseen by Pitcher Partners.
- 6.4 The proposed engagement is a panel contract, the successful contractors are not guaranteed any projects/works of any volume or value.



## 7. FINANCIAL IMPACT

- 7.1 Based on current financial projections and available data, the estimated expenditure for RFT Public Tender RFT000196 – Panel of Suppliers Commercial Building Services (Minor Capital Works), over the potential life of the eight (8) year contract is approximately \$32.5M (inc GST).
- 7.2 Any works allocated to recommended contractors via this panel arrangement will be funded by a project budget allocated under the capital delivery program.
- 7.3 Officers note that the estimated expenditure is projected utilising the current ten (10) year financial plan.

## 8. ENVIRONMENTAL IMPACT

- 8.1 In line with Council's Procurement Policy 2022, Council is committed to maximising positive social, environmental, and economic outcomes through procurement.
- 8.2 Prospective tenderers will be required to provide responses as part of the public tender to demonstrate their activities and processes that align with Council's environmental and social procurement principles. These responses will be formally evaluated in accordance with the TEP's evaluation.
- 8.3 The specific environmental benefits derived from the Panel of Suppliers will be identified upon completion of the public tender process. The report to be presented in February 2023 will outline environmental outcomes to be delivered through the engagement with successful contractors.
- 8.4 It is the intention of Council to establish a collaborative partnership with successful contractors to improve environmental and social outcomes throughout the life of the contract term.

## 9. COMMUNITY IMPACT

- 9.1 The establishment of the Panel of Suppliers - Commercial Building Services (Minor Capital Works) will assist in delivering Council's annual renewal program with greater efficiency. This will enable a greater level of service delivery within Council staffed and non-staffed facilities, along with a reduction in service disruption timeframes.
- 9.2 Prospective tenderers will be required to provide responses as part of the public tender processes to demonstrate their activities and processes that align with Council's CSR principles. These responses will be formally evaluated in accordance with the TEP's evaluation.
- 9.3 Further, officers intend to develop the Scope of Works to be delivered by the Panel with CSR outcomes being specified. This may include scoping works with the intent to use:
  - products that support a circular economy;
  - products that have certified sustainability benefits;
  - environmentally preferable products and services;
  - goods, machinery, or material manufactured in Australia and New Zealand;
  - purchases made from local suppliers;
  - purchases from social enterprises,



- 9.4 Similar to the Environmental Impacts, the specific Community and CSR benefits derived from the Panel of Suppliers will be identified upon completion of the public tender process. The report to be presented in February 2023 will outline environmental outcomes to be delivered through the engagement with successful contractors.

**10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 10.1 The appointment of the recommended tenderers will support Council in its delivery of key initiatives of the Council Plan 2021-2031, including:

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- a) improved procurement and contract management practices to deliver best value and embed corporate social responsibility outcomes; and
- b) investment to improve the condition, functionality, capacity and sustainability of community assets to achieve best value for our community, protect them for future generations and ensure asset management requirements of the LGA 2020 are achieved

**11. IMPLEMENTATION STRATEGY**

- 11.1 It is the intention of the TEP to evaluate the tender over the December/January period and, subject to the evaluation, award the panel contract at the earliest opportunity. The last Council meeting of 2022 is 7/8 December 2022 with the first Council meeting of 2023 to be held in February 2023

- 11.2 The outcomes of the executed contracts will be communicated to Council via a report once Council recommences in February 2023.

- 11.3 As outlined above, if there are circumstances that arise during evaluation that cause delay, officers will revert to standard tender award process and present a recommendation to Council for the execution of contracts with successful tenderers, upon Council's return in February 2023.

11.4 COMMUNICATION

The TEP chair will advise all tenders whether they are successful or not. Those who are unsuccessful will be offered a detailed debrief with the panel.

**12. OFFICER DIRECT OR INDIRECT INTEREST**

- 12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

**ATTACHMENTS**

Nil