

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

**Report
by
Director Scotland Excel**

Tender: Demolition Services

Schedule: 11-15

Period: 1 August 2016 to 31 July 2018, with an option to extend for up to 24 months to 31 July 2020

1. Introduction and Background

This recommendation is for the award of a demolition services framework. This framework is the first national collaborative arrangement for demolition services and is an addition to Scotland Excel's growing portfolio of construction related service frameworks.

Councils have an ongoing programmed requirement to demolish both domestic and commercial buildings. This framework provides councils with the mechanism to procure demolition services without a repeated need to approach the open market for each programmed demolition. While councils will be able to award emergency work directly from this framework, due to the often bespoke nature of each demolition project, programmed demolition works will be awarded via mini competitions.

To meet the varying contracting requirements of councils, Scotland Excel has developed this framework to incorporate two sets of standard industry terms and conditions to award demolition work. The NEC3 Engineering and Construction Short Contract and SBCC Minor Works Building Contract are both available for use to participating councils under this framework.

2. Scope, Participation and Spend

During strategy development it was agreed with council representatives that the framework would be split into three lots:

Table 1: Lotting Structure

Lot No.	Description	Indicative Percentage of Estimated Framework Value
1	Demolition Works up to £50,000	80%
2	Demolition Works over £50,000	
3	Emergency Demolition	20%

The lotting structure was agreed to align with the various specialisms within the supply base, as well encourage, in particular, the participation of small demolition suppliers.

As detailed in Appendix 1, 30 councils have confirmed their intention to participate on this framework, with Dundee City and Midlothian having their own contractual arrangements in place. All member councils however are listed in the EU contract notice as potential participants so all councils may access the framework if required.

Based on indicative council spend projections (refer Appendix 1), together with an allowance for emergency demolition work, potential associate member spend and a general contingency, the framework was advertised at £16 million per annum across all three lots.

3. Procurement Process

A User Intelligence Group (UIG) consisting of procurement and technical representatives from the participating councils was established to support the development of the procurement strategy and specification.

To ensure that the framework arrangements are awarded to the most capable tenderers, the UIG agreed that the open procedure for tendering should be used. It was also agreed that a two stage procedure would be used, stage one addressing qualification criteria and stage two addressing award criteria. Stage one assessed tenderer's business probity, financial standing, insurances, compliance to terms and conditions and quality management, environmental and health and safety systems.

At the second stage of the process, the offers were evaluated against the following criteria and weightings:

- Technical 30%
- Commercial 70%

Due to the unique nature of demolition works, councils agreed that work package pricing would be requested for lots 1 and 2 via mini competition. Consequently, pricing for specific demolition works were not sought as part of the tender, instead tenderers were required to submit maximum percentages of profit that will apply whenever project fees agreed via mini competition need to be varied by specific situational events.

In terms of lot 3 (emergency demolition), a range of labour and equipment rates were sought. This approach was agreed to enable quick and efficient award to ensure attendance on site within three hours of any emergency call out.

During the development of the procurement strategy, Scotland Excel consulted with Police Scotland. As a result of these discussions, Scotland Excel included a declaration document requiring tenderers to certify their 'non involvement in serious and organised crime' as part of the tender documentation. This inclusion allows for the potential future removal of any supplier from the framework if they are identified as being in breach of the declaration.

Scotland Excel also consulted with the supply base during the procurement development phase to gain their insight on a range of essential elements. These market consultations were advertised to the market through publication of a Prior Information Notice (PIN). The PIN and the framework were advertised on Public Contracts Scotland as well as the Official Journal of the European Union.

4. Report on Offers Received

A total of 46 organisations accessed the tender documents, with 31 tenderers submitting an offer before the closing date and time.

Two tenderers failed to include a commercial submission as part of their response and therefore were non compliant and not considered further. Notice of non compliance to one of the above tenderers (Dem-Master Demolition Ltd) prompted them to raise court action against Scotland Excel challenging the decision to exclude their tender from further evaluation. Scotland Excel successfully defended this challenge and, following a decision issued on 19 October 2016 [www.scotcourts.gov.uk/search-judgments/judgment?id=a6dd20a7-8980-69d2-b500-ff0000d74aa7], is now able to award the framework in the usual way.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the remaining 29 compliant offers received was conducted and details of the overall scores per lot are set out in Appendix 3.

5. Recommendations

Under the Public Contracts (Scotland) Regulations 2012, which apply to this tendering process but were superseded by new regulations on 18 April 2016, a framework arrangement can be concluded with a single supplier. If the agreement is concluded with several suppliers, the minimum number of suppliers must be three (provided there is sufficient numbers of suppliers satisfying the selection criteria and tenders meeting the award criteria).

Based on the evaluations carried out in line with the criteria and weightings set out above, it is recommended that a multi supplier framework is awarded to 24 suppliers across the three lots as detailed in Appendix 3.

The range of suppliers recommended will meet the varied operational and geographical requirements of participating councils and provides an appropriate degree of choice with regards to maximising operational efficiency and best commercial value. It is encouraging to note that all councils will receive complete service coverage and that 17 of the 24 recommended suppliers are classified SMEs (refer Appendix 2).

6. Benefits

Savings

Due to the bespoke nature of each and every demolition work package, a benchmarking exercise was not undertaken for lots 1 and 2. The high level of competition that will exist within the framework however should ensure that mini competitions will produce best value outcomes.

For lot 3, emergency demolition, tenderers were required to provide rates as a percentage variation from the National Federation of Demolition Contractors (NFDC) Daywork Charges. The tendered rates of the recommended suppliers for lot 3 have been benchmarked against the NFDC rates. On average, the overall tendered rates are circa 11% below the NFDC rates.

This framework offers significant price stability. The rates submitted for lot 3 have been fixed by four of the recommended suppliers for 24 months, while three recommended suppliers have fixed their rates for 18 months, with the remaining two suppliers fixing their rates for 12 months. Any requests for price increases beyond these fixed periods will be considered in accordance with the defined Scotland Excel process and evaluated against a range of applicable market indices.

Process savings will also be realised under this framework. Currently most councils conduct substantive procurement processes for each of their demolition requirements. This framework will now allow direct awards for emergency demolition work and the issue of mini competitions for programmed work under the framework terms.

Sustainable Procurement Benefits

The majority of the recommended suppliers are ISO14001 Environmental Management accredited or equivalent meaning they proactively explore reductions in process costs, emissions and waste.

Environmental Initiatives

Environmental initiatives were scored as part of the evaluation. Tenderers were asked to detail how they will recycle construction waste and what other initiatives their organisations would implement to reduce the impact of their services to the environment. The recommended suppliers recycle up to 95% of materials removed from demolition sites and six suppliers operate their own recycling centres. As well as this, the recommended suppliers offered a range of additional environmental initiatives including:

- lowering their vehicle and plant emissions by using Euro 5 and 6 emission standard vehicles and replacing vehicles every three years to obtain those with the most up to date energy efficient technologies;
- reducing their carbon footprint through, for example, local sourcing of required plant and equipment, the use of biodegradable oils and the use of hybrid vehicles;
- minimising air pollution by promoting vehicle sharing, encouraging fuel efficient driving and maintaining vehicles and plant on a regular basis; and
- educating staff to become more environmentally responsible.

Community Benefits

As the majority of spend on this framework will result from mini competitions conducted by councils under lots 1 and 2, community benefit commitments will be sought as part of each mini competition. This methodology was detailed in the tender documentation and, as a non scored element, assurances were sought from suppliers on their commitment to delivering community benefits through this framework.

All recommended suppliers have confirmed they will be willing to offer community benefits as part of any mini competition conducted under this framework. Councils will determine the level of community benefits at the time

of each mini competition. Scotland Excel will monitor and report on the delivery of community benefits under the framework as part of its contract and supplier management programme.

Workforce Matters

Tenderers were also asked a non scored question on workforce matters the payment of the Scottish Living Wage to their workforce. The responses confirm that 19 out of the 24 recommended suppliers pay the Scottish Living Wage or above to all their employees (except apprentices and probationary staff), with eight of these suppliers accredited by the Living Wage Foundation and a further three suppliers committing to be accredited within the first two years of the framework.

Scotland Excel includes monitoring Fair Work Practices and Living Wage within its contract and supplier management programme and will work with all remaining awarded suppliers to encourage them to pay all staff the Scottish Living Wage.

7. Contract Mobilisation and Management

In accordance with Scotland Excel's established Contract Supplier Management (CSM) programme, in terms of risk and spend, this framework is classified as level 2. As such, on a quarterly basis Scotland Excel will collect, analyse and review detailed supplier management information. Scotland Excel will also regularly monitor and report on provision of community benefits and workforce matters as well as continue working with Police Scotland. At least annually Scotland Excel will meet with the framework suppliers and UIG to review the framework operation.

Scotland Excel will host a framework mobilisation event to ensure purchasing councils and awarded suppliers are familiar with the framework requirements. The event will also provide a platform for councils and suppliers to make introductions, given this is the first national collaborative framework for demolition services.

8. Summary

This framework aims to provide participating councils access to best value suppliers for demolition related services.

The Executive Sub Committee is requested to approve the recommendations to award agreements to the suppliers as detailed in Appendix 3.

Appendix 1 – Participation and Spend Summary Demolition Services 11-15

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data
Aberdeen City Council	Yes	12 December 2016	£1,316,128	Spikes Cavell
Aberdeenshire Council	Yes	12 December 2016	£79,802	Spikes Cavell
Angus Council	Yes	12 December 2016	£122,143	Spikes Cavell
Argyll & Bute Council	Yes	12 December 2016	£60,154	Spikes Cavell
City of Edinburgh Council	Yes	12 December 2016	£161,371	Spikes Cavell
Clackmannanshire Council	Yes	12 December 2016	£156,470	Spikes Cavell
Comhairle nan Eilean Siar	Yes	01 April 2017	£10,000	Spikes Cavell
Dumfries & Galloway Council	Yes	12 December 2016	£45,000	Spikes Cavell
Dumfries City Council	No			
East Ayrshire Council	Yes	12 December 2016	£239,187	Spikes Cavell - Confirmed by Member
East Dunbartonshire Council	Yes	12 December 2016	£52,438	Spikes Cavell - Confirmed by Member
East Lothian Council	Yes	12 December 2016	£117,700	Spikes Cavell
East Renfrewshire Council	Yes	12 December 2016	£250,000	Spikes Cavell - Confirmed by Member
Falkirk Council	Yes	12 December 2016	£270,000	Spikes Cavell - Confirmed by Member
Fife Council	Yes	12 December 2016	£360,000	Spikes Cavell - Confirmed by Member
Glasgow City Council	Yes	12 December 2016	£1,500,000	Spikes Cavell - Confirmed by Member
Highland Council	Yes	12 December 2016	£127,058	Spikes Cavell
Inverclyde Council	Yes	12 December 2016	£235,757	Spikes Cavell
Midlothian Council	No			
North Ayrshire Council	Yes	12 December 2016	£100,000	Spikes Cavell - Confirmed by Member
North Lanarkshire Council	Yes	12 December 2016	£968,980	Spikes Cavell - Confirmed by Member
Orkney Islands Council	Yes	12 December 2016	£10,000	Spikes Cavell
Perth & Kinross Council	Yes	12 December 2016	£231,209	Spikes Cavell
Renfrewshire Council	Yes	01 April 2017	£564,151	Spikes Cavell - Confirmed by Member
Scottish Borders Council	Yes	12 December 2016	£790,707	Spikes Cavell - Confirmed by Member
Shetland Islands Council	Yes	12 December 2016	£10,000	Spikes Cavell
South Ayrshire Council	Yes	12 December 2016	£160,000	Spikes Cavell - Confirmed by Member
South Lanarkshire Council	Yes	12 December 2016	£822,257	Spikes Cavell
Stirling Council	Yes	12 December 2016	£30,000	Spikes Cavell - Confirmed by Member
The Moray Council	Yes	12 December 2016	£50,000	Spikes Cavell - Confirmed by Member
West Dunbartonshire Council	Yes	12 December 2016	£1,094,200	Spikes Cavell - Confirmed by Member
West Lothian Council	Yes	12 December 2016	£320,793	Spikes Cavell
Associate Members	Yes	12 December 2016	£1,000,000	
NHS	Yes	12 December 2016	£100,000	
*Emergency Demolition	Yes		£3,000,000	
Totals			£14,355,505	

*Councils are unable to assign estimated annual spends for Emergency Demolition therefore £3m annually has been included in the value

Appendix 2 – SME Status

Supplier name	SME Status	Location	Lots Offered
Bardem Limited	Small	Paisley	1 and 2
Brown and Mason Limited	Large	Dartford, Kent	2
Burnfield Builders & Demolishers Ltd	Small	Glasgow	1, 2 and 3
C.E.P. Demolitions Limited	Small	Glasgow	1 and 2
Caskie Limited	Small	Glasgow	1, 2 and 3
Central Demolition Limited	Medium	Bonnybridge	1, 2 and 3
CMEC Demolition Ltd	Small	Dunkirk, Nottingham	1 and 2
Coleman & Company Limited	Large	Birmingham	1 and 2
Connell Brothers Limited	Small	Manchester	1 and 2
Daltons Demolitions Limited	Small	Edinburgh	1 and 2
Damada Asbestos Removals Ltd T/A Damada Group	Small	Hamilton	1 and 2
David Morton (Larbert) Limited	Small	Falkirk	1 and 2
Erith Contractors Ltd	Large	Erith, Kent	2
Frank O'Gara & Sons Limited	Small	Manchester	2
G&J Demolition Limited	Small	Glasgow	1, 2 and 3
George Beattie & Sons Limited	Small	Glasgow	1, 2 and 3
Gowrie Contracts Limited	Small	Dundee	1 and 2
Grantham Industries Ltd T/A GBM Demolition	Large	Louth, Lincolnshire	2
JCJ (Demolition & Construction) Limited	Small	Glasgow	1, 2 and 3
John Graham (Metals) Limited	Small	Stirling	1
KDC Contractors Limited	Large	Manchester	2
Keltbray Limited	Large	Glasgow	2
Lawrie Demolition Ltd	Small	Aberdeen	1, 2 and 3
MacWilliam Demolition Limited	Small	Coatbridge	1 and 2
MM Miller (Wick) Limited	Small	Wick	1
Reigart Contracts Limited	Large	Coatbridge	1, 2 and 3
Safedem Limited	Large	Dundee	1, 2 and 3
William Goodfellow (Contractors) Limited	Small	Glasgow	1 and 2
William Munro Construction (Highland) Limited	Large	Alness	1, 2 and 3

Appendix 3 – Scoring and Recommendations

Asterisk (*) denotes recommended suppliers

Lot 1 - Demolition Works up to £50,000

Supplier	Final Score
* William Munro Construction (Highland) Limited	98.3
* JCJ (Demolition & Construction) Limited	97.3
* Reigart Contracts Limited	95.8
* William Goodfellow (Contractors) Limited	95.5
* John Graham (Metals) Ltd	94.3
* Lawrie Demolition Ltd	93.8
* Central Demolition Limited	93.3
* Caskie Limited	93.0
* George Beattie & Sons Limited	92.8
* Bardem Limited	92.0
* Burnfield Builders & Demolishers Ltd	90.8
* CMEC Demolition Ltd	90.8
* C.E.P. Demolitions Limited	90.3
* Damada Asbestos Removals Ltd T/A Damada Group	88.9
* MacWilliam Demolition Limited	88.3
* Connell Brothers Limited	88.0
MM Miller (Wick) Limited	85.3
David Morton (Larbert) Limited	84.9
Gowrie Contracts Limited	84.9
Daltons Demolitions Limited	83.6
G&J Demolition Limited	82.8
Safedem Limited	82.0

Lot 2 - Demolition Works £50,000 and over

Supplier	Final Score
* JCJ (Demolition & Construction) Limited	99.0
* Reigart Contracts Limited	97.1
* William Munro Construction (Highland) Limited	94.8
* William Goodfellow (Contractors) Limited	94.4
* Caskie Limited	93.4
* Central Demolition Limited	93.0
* Bardem Limited	91.8
* Burnfield Builders & Demolishers Ltd	91.4
* KDC Contractors Limited	91.0
* C.E.P. Demolitions Limited	90.9
* Erith Contractors Limited	89.7
* Daltons Demolitions Limited	89.3
* CMEC Demolition Ltd	88.7
* Damada Asbestos Removals Ltd T/A Damada Group	88.6
* Connell Brothers Ltd	88.4
* Lawrie Demolition Ltd	88.0
* Frank O'Gara & Sons Limited	88.0
* George Beattie & Sons Limited	87.8
* David Morton (Larbert) Limited	87.4
* MacWilliam Demolition Limited	86.9
* Brown and Mason Limited	86.2
* Keltbray Limited	85.6
* Safedem Limited	84.1
G&J Demolition Limited	81.8
Gowrie Contracts Limited	81.3
Coleman & Company Limited	80.9
Grantham Industries Ltd T/A GBM Demolition	77.3

Appendix 3 – Scoring and Recommendations Lot 3 – Emergency Demolition

Asterisk (*) denotes recommended suppliers

	Burnfield Builders & Demolishers Ltd	Caskie Limited	Central Demolition Limited	G&J Demolition Limited	George Beattie & Sons Limited	JCJ (Demolition & Construction) Limited	Lawrie Demolition Ltd	Reigart Contracts Limited	Safedem Limited	William Munro Construction (Highland) Limited
Aberdeen City Council			80.0*	72.5	90.7*		84.9*		74.9*	
Aberdeenshire Council			80.2*	72.6	91.0*		81.6*		75.3*	
Angus Council			80.7*		91.5*		81.5*	86.9*	77.3*	
Argyll & Bute Council	81.0*	64.9	61.5		69.5*	78.2*		67.4*	54.8	
City Of Edinburgh Council	81.0*	70.8*	61.5	54.4	74.0*	78.2*		67.4*	57.3	
Clackmannanshire Council	81.0*	71.8*	60.4	52.9	72.3*	76.5*		66.0	55.5	
Comhairle Nan Eilean Siar					94.0*				77.6*	
Dumfries & Galloway Council		82.5*								
Dumfries & Galloway Council		82.5*			85.1*	93.0*		79.0*	66.4	
Dundee City Council			80.7*		93.8*		79.3*	86.9*	77.3*	
East Ayrshire Council	81.0*	73.2*	61.5		74.0*	78.2*		67.4	56.4	
East Dunbartonshire	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
East Lothian Council	81.0*	70.8*	61.5		73.1*	78.2*		67.4	57.0	
East Renfrewshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
Falkirk Council	81.0*	71.8*	60.4	52.9	72.3*	76.5*		66.0	55.5	
Fife Council			72.5*		87.4*		70.1		69.5	
Glasgow City Council	81.0*	75.5*	61.5	54.6	73.9*	78.2*		67.4*	58.4	
Inverclyde Council	81.0*	75.5*	61.5		73.9*	78.2*		67.4	57.0	
Midlothian Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.4	57.0	
North Ayrshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	56.4	
North Lanarkshire Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.2*	57.0	
Orkney Islands Council					94.0*				73.3*	
Perth & Kinross Council	81.0*	70.8*	61.5		72.9*	78.2*	58.5	67.4	57.2	
Renfrewshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
Scottish Borders Council		82.5*			85.1*			79.0*	67.4	
Shetland Islands Council					94.0*				73.0*	
South Ayrshire Council	81.0*	70.8*	61.5		73.7*	78.2*		67.4	55.8	
South Lanarkshire Council	81.0*	73.2*	61.5		73.7*	78.2*		67.4	56.4	
Stirling Council	81.0*	73.2*	61.5	53.8	74.0*	78.2*	58.1	67.4	57.0	
The Highland Council					90.2*		78.3*		72.6*	92.6*
The Moray Council					85.9*		79.6*		67.2	88.4*
West Dunbartonshire	81.0*	75.5*	61.5		73.9*	78.2*		67.4	57.0	
West Lothian Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.4	57.0	