

Item No. N/A	Classification: Open	Date: July 2017	Meeting Name: Cabinet Member Environment and the Public Realm
Report title:		Gateway 2: Contract Award Approval - Landscaping Framework contracts for parks capital programme including Burgess Park West project	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment and Social Regeneration	

RECOMMENDATIONS

1. That the Cabinet Member for Environment and Public Realm approves the award of the parks landscape multi-supplier framework contracts to the following contractors for a period of four years.

	Contract Name	Name of the company
Framework LOT 1	All projects value under £500,000	Warwick Landscaping Ltd
Framework LOT2	All projects value over £500,000 (not including Burgess Park West project)	1. Ground Control Ltd 2. Blakedown Landscapes SE Ltd 3. Tilhill Forestry Ltd

2. That the Cabinet Member for Environment and Public Realm agrees to delegate the decision to award the individual contracts via mini-competition under LOT2 to the Director of Leisure.
3. That the Cabinet Member for Environment and Public Realm approves the award of the Burgess Park West main contract to Ground Control for a period of 47 weeks at a total contract value of £2,361,458.74.
4. That the Cabinet Member for Environment and Public Realm approves a contingency sum of £453,393.87 for the Burgess Park West main contract.

BACKGROUND INFORMATION

5. Southwark is one of the greenest boroughs in London with 25 prestigious Green Flag Awards. The parks and leisure team focuses on providing and maintaining vibrant, safe and high quality parks and green spaces by continuing to invest in projects which help to improve and develop the green spaces in the borough.
6. Landscaping is an integral element for the leisure programme as it contributes significantly to delivering the projects at a high quality within agreed timescales and budget. The programme also contributes significantly to the council's 'Fairer Future' promises such as value for money, healthy lifestyles, a greener borough and revitalised neighbourhoods.

7. The landscape contractor for each project is currently procured individually as and when required. Within the current capital programme, we have identified 14 projects in the pipeline which will be delivered in the next four years with spend approved. Please see table as below for project details.

Table 1

Parks Capital Projects to date (Jun 17-Apr 2021)	
Project Name	Estimated Construction Start Date
Area Z	Aug-17
Burgess Park West	Aug-17
Southwark Park Master Plan	Aug-17
Area B	Aug-17
Play: Southwark Park	Oct-17
One Tree Hill	Jul-18
Play: Leyton Square	2017
Dickens Square	2018
Cossall Park	2018
Leather Market Gardens	2018
Nursery Row Park	2019
GMH Phase 2	2019
Pelier Park	2019
Victory Park	2019

8. The construction periods for the above projects are due to start at similar times and they are similar in nature in terms of the process of procurement, decision making procedures and resource availability.
9. It is therefore beneficial to create a landscaping framework and procure the contractors for these projects at the same time.
10. Project managers have experienced situations such as lack of tender responses and tender returns over budget, which have resulted in uncompetitive rates and delayed timescales due to the need for retendering exercises.
11. The procurement strategy outlined in the approved Gateway 1 report (2 January 2016) was implemented.

Procurement project plans (Key Decision)

12. Procurement project plan:

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	21/04/2017
Briefed relevant cabinet member (over £100k)	20/06/2017

Activity	Completed by/Complete by:
Approval of Gateway 1: Procurement Strategy Report	08/12/2016
Invitation to tender (Landscape Framework)	10/03/2017
Invitation to tender (Burgess Park West)	31/03/2017
Closing date for return of tenders (Landscape Framework)	28/04/2017
Closing date for return of tenders (Burgess Park West)	05/05/2017
Completion of evaluation of tenders (Landscape Framework)	30/05/2017
Completion of evaluation of tenders (Burgess Park West)	31/05/2017
DCRB Review Gateway 2:	06/06/2017
CCRB Review Gateway 2:	15/06/2017
Notification of forthcoming decision – Five clear working days	21/06/2017
Approval of Gateway 2: Contract Award Report	28/06/2017
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	12/07/2017
Debrief Notice and Standstill Period (if applicable)	26/07/2017
Contracts award	28/07/2017
Add to Contract Register	31/07/2017
Contracts start	01/08/2017
Publication of award notice in Official Journal of European (OJEU)	28/07/2017
Publication of award notice on Contracts Finder	28/07/2017
Burgess Park West main contract completion date	19/06/2018
Landscape Framework contract completion date	31/07/2021

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

13. A full programme of landscape projects has been identified spanning the next four years. This forward planning has allowed project managers to assess alternative ways in which the procurement can be organised. With current resources as they are, undertaking multiple individual tender exercises is not the best utilisation of staff resource particularly when each tender exercise is similar in nature.
14. Establishing a framework as a solution will make the procurement process simpler and accelerate the timeline for each project. Using a framework enables contracting authorities to award (or “call off”) individual contracts without going through a full tender exercise.
15. It is also expected that such a framework would result in cost saving through economies of scale. The framework will cover a broad range of landscaping works in line with the

National Building Specification (NBS) for landscape work, including demolition, excavation, concrete, masonry, site furniture, road and paving.

16. During this exercise, the intention is to identify reliable suppliers who will be interested in undertaking the various projects under the programme. The framework will set pricing to assist for forecasting and allow regular bench marking to ensure the council is receiving value for money with each contract award.
17. The framework aims to deliver those projects which are due to start construction between 2017 and 2021.

Key/Non Key decisions

18. This report deals with a key decision.

Policy implications

19. This procurement will support the Southwark Council plan delivering a Fairer Future for All promises, specifically:
 - Promise 1: Value for Money
 - Promise 6: A Greener Borough
 - Promise 9: Revitalised Neighbourhoods.

Tender process and evaluation

Landscape framework

20. Tender process and evaluation see Appendix 1.
21. One company (company A) was were excluded from the suitability stage of the tender evaluation of the Burgess Park West tender due to non-compliance but passed this stage for Lot 2 of the landscape framework. This report is still recommending approval for company A to be included in Lot 2 because as part of the mini-tender process the quality evaluation will take account of what is being proposed in terms of the organisation's ability to deliver the specific project. This will include the resource availability linked to individual projects, other project specific elements as well as price. All of the above elements will be evaluated on whether to recommend an award.

Burgess Park West

22. Tender process and evaluation see Appendix 2.

Plans for monitoring and management of the contract

23. The contract shall be monitored by the lead client officer from the parks and leisure team for each different project under the framework.
24. Payment of invoices will be certified on satisfactory completion of works.
25. Progress meeting with the appointed lead consultant and principle contractors for each different project under the framework shall be held to monitor progress against the programme and the budget.

26. Any significant unexpected deviance from either programme or budget shall be highlighted to relevant officers, as issues arise, for resolution.

Identified risks for the new contract

27. The table below identifies a number of risks associated with this procurement and award, the likelihood of occurrence and control in place to mitigate the risks:

Risk No.	Risk Identification	Likelihood	Risk Control
1.	Unforeseen underground obstructions and/or high levels of ground contamination	High	Ground investigations have been undertaken to establish as far as possible the level of contamination. A high contingency should be kept in order to deal with situations as they arise.
2.	Contractor lack of capacity to deliver all projects under £500K (Framework Lot 1)	Medium	<ol style="list-style-type: none"> 1. Evaluate contractor's documentation of the company and employees 2. Reference check on previous work completed which similar in project value and scope 3. A parent company guarantee will be put in place if applicable, which will enable the Council to deal directly with the parent company in the event of default by the contracting firm
3.	Contract fail to perform in accordance with contract specification	Low	The companies have been thoroughly vetted. Regular monitoring and reporting shall be undertaken to ensure any issues are identified and resolved at an early stage, with rectification notices issued if necessary. Staged payments will only be made once work has been completed and approved to the satisfaction of the Lead Consultant and Lead Client Officer from the Parks and Leisure team.
4.	The project is not completed within allocated timescale and available budget.	Low	<ul style="list-style-type: none"> - A pre- contract meeting will establish a detailed programme delivery. - Adherence to the programme will be closely monitored through regular and ad hoc site meetings for each different project, with the consultant and contractor and the submission of monthly progress reports at key stages. - Standard schedule of rates provided under the framework agreement. - A comprehensive monitoring regime will be implemented, comprising of regular updates and budget meetings with the lead consultant to ensure no additional costs are attributed to the project.

Community impact statement

28. Contractors under the framework agreement will be required to demonstrate a commitment to delivering services that address the council's equality agenda. That is to access the whole community regardless of age, disability, faith/religion, gender, race/ethnicity and sexual orientation.
29. Under the Public Sector Equality Duty, section 149 of the Equality Act 2010 the council has a duty to have due regard to the needs of individuals and groups having a protected characteristic, and this involves engagement with the public in order to assess the likely impact and effect of the procurement and the works which are to be delivered through the awarded contractors. As part of the tender evaluation companies will need to demonstrate clear strategies for ensuring that the work delivery meets the needs of the diverse communities and disabled residents, for example, to enhance the visual and recreational appeal of parks, to provide greater access for disabled users, to provide improved outdoor learning for schools and community groups, etc.

Social value considerations

30. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

31. The promotion of local economic benefit has been built into this procurement by:
 - Requiring contractors to use local companies in their sub-contracting and supply chain arrangements where possible
 - Should the successful contractor need to employ additional staff to deliver this contract, we request, where possible they target the local labour market.

Social considerations

32. The council's commitment to the London Living Wage (LLW) will be applied within this contract. The successful tenderer will pay all staff the London Living Wage. Monitoring of this will be implemented during works.
33. Work specification includes a range of measure to minimise any negative impact of the construction work.

Environmental/sustainability considerations

34. The tendering organisation will be expected to demonstrate commitment to environment consideration with evidence of an environmental policy and ideally environmental certification.
35. This scheme seeks to ensure minimal ongoing use of resources such as water, energy and chemicals. Of particular importance will be consideration of whole-of-life costs associated with the improvement works and the implications for future maintenance.

Market considerations

36. The market for landscape construction in London is very developed and the council expected a healthy response to this procurement exercise.
37. The soft marketing research exercise at initial stage of this procurement demonstrated strong contractor interests in the landscaping construction market and is further supported by the information gathered from previous procurement exercises for landscaping projects.

Staffing implications

38. There is no implication for staffing, as the client function will be provided by Environment and Leisure (Parks and Leisure) from their own resources.

Financial implications

39. The costs of the contracts under the framework agreements can be met from the existing Parks and Leisure capital programme budget.
40. The proposed contract value allows for additional projects to be included within the framework scope. This provides flexibility in order to deal with future capital investment in parks.

Second stage appraisal (for construction contracts over £250,000 only)

41. A 2nd stage approval assessment has been undertaken and the preferred contractors all have low risk status.

Legal implications

42. Please refer to the concurrent report from Director of Law and Democracy.

Consultation

43. Consultation will be undertaken with the public on all projects through the various design stages of the projects. No other formal consultation is required for the framework procurement.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (ESR17/009)

44. The strategic director of finance and governance notes the recommendations in this report for landscaping contracts. The cost of the contracts will be met from the council's capital programme.
45. The capital programme of February 2017 included a total commitment of £18.2m for ICT over 10 years. As at February 2017, the council's general fund capital programme is over committed (underfunded) by £144m in 2017-18, and by £293m over the life of the programme. It is therefore important that for the cost of planned works is carefully monitored and that accurate forecasting is in place. The process of mini-competition for over £500k projects is one element in securing value for money.

Head of Procurement

46. This report seeks the approval of the cabinet member for environment and public realm for the award of the parks landscape multi-supplier framework agreement for a period of four years with a maximum total contract value of £14,000,000. This framework agreement has two lots. Lot 1 covers all in scope projects, with a value of up to £500k and is awarded to Warwick Landscaping Ltd. Lot 2, which covers in scope projects with a value of £500k is awarded to Ground Control Ltd, Blakedown Landscapes SE Ltd and Tilhill Forestry Ltd.
47. This report seeks the delegation from the cabinet member for environment and public realm that award decisions for contracts within Lot 2 (under separate GW2 reports) to the Director of Leisure. The report sets out that a mini-competition from the three providers on Lot 2 will be undertaken to ensure value for money for the council for the council's requirements (as detailed in paragraph 21).
48. The report also seeks the approval of the cabinet member for environment and public realm for the first over £500k contract that was advertised and let separately to the framework agreement for delivery of the Burgess Park West main contract to Ground Control. The contract period was for 47 weeks at a total contract value of £2,361,458.74, as well as an approved contingency fund set out in the report, should this be required for the delivery of the project.
49. The procurement process undertaken for the framework agreement and Burgess Park West contract was advertised in the Public Contract Regulations 2015 as the value is over the EU threshold for works. The evaluation process to award Lots 1 and 2 of the parks landscape framework agreement is set out in Appendix 1 of the report, whilst the evaluation process undertaken for Burgess Park West is set out in Appendix 2.
50. The report confirms that London Living Wage will be paid under the terms of this framework agreement and all call-off contracts. Paragraphs 23-26 of the report sets out the way in which this arrangement will be monitored and managed, in line with the known projects budgets that these can be delivered from that are set out in the financial implications section of the report.

Director of Law and Democracy

51. This report seeks approval of the appointment of the contractors listed as set out in the closed version of this report comprising a multi-supplier framework agreement for parks landscaping works.
52. The procurement of the new framework has been subject to the full application of the Public Contracts Regulations 2015 ("the EU Regs") and with the requirements of the council's Contract Standing Orders ("CSOs"). Appendices 1 and 2 in the closed version of the report set out the procurement process which has been followed, in compliance with the EU Regs and CSOs.
53. The decision to approve the award of the framework and appointment of the framework contractors is one which is reserved under CSOs to the relevant individual decision maker (the Cabinet Member), after consideration of the report by the corporate contracts review board (CCRB). CSOs also provide for the delegation of contract awards, and as noted in paragraph 2 the Cabinet Member for Environment and Public Realm is requested to delegate to the Director of Leisure the decisions to award "call-off" contracts within Lot 2, under separate Gateway 2 reports.

54. CSOs further require that no contract may be awarded unless the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by or on behalf of the council. Paragraphs 40 to 41 advise how that requirement will be satisfied.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 report	Parks and Leisure Tooley Street SE1 2QH	Emily Xi Tel: 020 7525 0331
Link: Gateway 1 report final.pdf		

APPENDICES

No	Title
Appendix 1	Tender Evaluation Landscape Framework
Appendix 2	Tender Process and Evaluation for Burgess Park West main contract

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director of Environment and Social Regeneration	
Report Author	Emily Xi, Programme Management Officer, Parks and Leisure	
Version	Open (Final)	
Dated	12 June 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	N/A	N/A
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet	N/A	N/A
Date final report sent to Constitutional Team		5 July 2017