

Item No.	Classification: Open	Date: 5 April 2017	Meeting Name: Strategic Director Environment & Social Regeneration
Report title:		Gateway 2 - Contract Award Approval Construction contract for Pullens Gardens Redesign	
Ward(s) or groups affected:		Newington	
From:		Director of Leisure	

RECOMMENDATIONS

That the Strategic Director Environment and Social Regeneration:

1. Approves award of the contract to deliver construction of Pullens Gardens Redesign to the preferred contractor for a contract period of 16 weeks.
2. Approves award of this contract with a client contingency of 9.5%.

BACKGROUND INFORMATION

3. Pullens Gardens is a small park on the Pullens Estate in West Walworth. The park occupies 0.3 hectares of land designated as Borough Open Land, and falls within the Elephant and Castle opportunity area.
4. Elephant and Castle is an area of deficiency in the availability of green space and the pressure to create new homes means that there are limited opportunities for the creation of parks.
5. As part of the on-going regeneration of the Elephant & Castle Opportunity Area, the council's park's team is seeking to enhance existing park and open spaces in order to elevate them to Green Flag standard and ensure the benefits of regeneration are experienced by local communities.
6. The Pullens Gardens Redesign project will be the third project to be delivered under the Elephant and Castle Parks Improvement Programme.
7. Pullens Gardens lies within the Pullens Estate conservation area. The immediate neighbourhood around the park is made up of a range of high-density residential dwellings and thriving small businesses, yet it is rarely used by local families and is generally considered to be unattractive, unsafe and blighted by anti-social behaviour.
8. The council now seeks to deliver improvement work at Pullens Gardens that will upgrade play and recreational facilities, improve access and reduce opportunities for anti- social activity.
9. A complete re-design of the space will be delivered to create welcoming entrances, increase play provision and ensure better visibility around the park.
10. The final design gained planning consent in February 2017.

Procurement project plan (Key Decision)

11.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	16/01/2017
Briefed relevant cabinet member (over £100k)	09/03/2017
Approval of Gateway 1: Procurement Strategy Report	17/11/2016
Invitation to tender	10/01/2017
Closing date for return of tenders	07/02/2017
Completion of evaluation of tenders	14/03/2017
DCRB Review Gateway 2:	05/04/2017
Briefed relevant cabinet member (over £100k)	10/04/2017
Notification of forthcoming decision – Five clear working days	11/04/2017
Approval of Gateway 2: Contract Award Report	21/04/2017
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24/04/2017
Contract award	08/05/2017
Contracts Finder Contract Award Notice	08/05/2017
Add to Contract Register	08/05/2017
Contract start	22/05/2017
Contract completion date	22/09/2017

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

12. The delivery of these improvements will directly contribute to the council achieving one of its ten fairer future promises which is to bring full regeneration benefits and opportunities to all residents of Southwark. Therefore it is crucial to procure the required works to assist the project team in delivering the project to the highest standard.
13. The contractor is an experienced landscaping contractor who will offer the skills and expertise to ensure that the completed project delivers the ambitions the council has for the park and will provide value for money to the council.
14. This contract is essential to ensure the delivery of a high quality public open space for Pullens Gardens.

Key/Non Key decisions

15. This report deals with a key decision

Policy implications

16. Pullens Gardens is situated within the Elephant and Castle Opportunity Area a priority area for regeneration in the Council's Plan.
17. This contract will contribute to the delivery of the Council's fairer future promise which is to provide a top quality play area in very local area.

Tender process

18. The Gateway 1 report for this contract established that the estimated contract sum would be below the EU threshold for works and therefore did not need to be publicly advertised.
19. In line with CSO procedures a minimum of five companies from the Council's approved list were invited to tender for this contract
20. Whilst there is a good range of companies on the council's approved list capable of carrying out these works the current high level of demand in the construction industry and its impact on tender response rates was a key consideration.
21. To address this concern a greater number of companies than usual were contacted about the contract. The tender period ran for four weeks.
22. Five companies confirmed their interest in tendering for the contract and were subsequently sent invitations to tender.
23. Submissions were received from four companies.

Tender evaluation

24. The tender evaluation panel consisted of the lead client officer and the council's appointed landscape design consultant and quantity surveyor.
25. Tender evaluation followed the Most Economically Advantageous Tender protocol based on the price: quality ratio of 70:30 in recognition of the need to ensure the project stays within the allocated budget.
26. Tender evaluation guidelines and the scoring matrix set out in this report were included in the tender document.

Stage one – compliance

27. Tender Submissions were subject to an initial compliance check to confirm that they
 - a) had been submitted on time,
 - b) were completed correctly and in full,
 - c) met all the requirements of the Invitation to Tender
28. The tender submissions received from all four companies passed compliance checks.

Stage Two: Quality Evaluation

29. Tenderers were required to submit method statements as part of the quality assessment. The criteria assessed and weightings applied were:

<u>Criteria</u>	Section Weighting	Score (0-5)	Max score	Minimum pass score
Approach to contract management and delivery Programme Management Time requirements and outline programme	10		5 x 10 50	2 x 10 20
Procedures Quality assurance & monitoring Risk Management Health & Safety External relations and Community benefit	8		5 x 8 40	2 x 8 16
Contract Resources, Sub-Contractors and Supply Chain Staff profile, structure and site management Sub-Contracting Arrangements	6		5 x 6 30	2 x 6 12
Experience of successful delivery of similar projects Case studies	6		5 x 6 30	2 x 6 12
Total Quality Score	30		150	60

30. Responses were scored on each criteria using a 0 – 5 point range as follows:

Assessment	Score	Basis of score
Cannot be scored	0 points	No information provided or incapable of being taken forward either because the Supplier does not demonstrate an understanding of our requirements or because the solution is incapable of meeting our requirements
Unsatisfactory	1 point	Although the Supplier does demonstrate an understanding of our requirements there are some major risks or omissions in relation to the proposed solution to deliver the service and we would not be confident of our requirements being met.
Satisfactory	2 points	A response which is capable of meeting our requirements but is unlikely to go beyond this
Good	3 points	A response which shows that the Supplier demonstrates an understanding of our requirements has a credible methodology to deliver the service and could evolve into additional benefits.
Very Good	4 points	A response which shows that the Supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service alongside a clear process and plan to deliver additional benefits and deliver value

Excellent	5 points	A response which shows how the service can comprehensively be taken to the next level in terms of exceeding our requirements and/or offering significant added value to the Council's overall strategic requirements and objectives.
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31. In order to ensure quality was achieved across all areas, any tender submission scoring less than 60 points in total or scoring 1 or less for any single criterion would be rejected on the basis of poor quality.
32. The four submissions were evaluated on quality by the panel. Evaluators reviewed each tender submission and awarded an initial quality score. The evaluation panel then conducted a 'consensus scoring process where moderation of the scores awarded during the initial stage was undertaken.
33. Moderation resolved any variance in the scores between the evaluators and took account of clarification responses and written feedback from referees. A consensus score was agreed for each of the evaluation criteria
34. None of the four tenderers failed to meet minimum requirement on quality.
35. All four submissions achieved good scores on the four criteria with one company scoring slightly lower than others due to less detail provided about contract resources and procedures.
36. Blakedown achieved the highest quality score overall. The panel considered that their submission demonstrated a thorough understanding of the project, accurately identified project specific risks and included the most relevant case study examples of similar work.
37. The weighted quality scores achieved by each company were:
 - Contractor A 112
 - Contractor B 110
 - Contractor C 110
 - Contractor D 106
38. The formula below was applied to reach points totals for the two tenders - based on the price: quality ratio of 70:30.

$$\text{Weighted quality score} / 150 \text{ (maximum score possible)} \times 30 = \text{total points}$$

Stage Three: Price Evaluation

39. Tender price evaluation was undertaken by Blakeney Leigh Ltd, the council's appointed quantity surveyors (QS), who compiled a price comparison and summary report.

Price scoring:

40. The Tenderer with the lowest price was Contractor B who received the maximum points available. The remaining Tenderers' were awarded a score based on the percentage difference between their price and that of the most competitive price.
41. The following methodology was applied for price comparison of the two tenders - based on the price: quality ratio of 70:30.

$(\text{Contractors Tender sum} - \text{Lowest Tender sum}) / \text{Lowest Tender sum} = \% \text{ adjustment}$

$70 \text{ Points} - (70 \times \% \text{ adjustment}) = \text{Price Score}$

Summary of Scores

42.

Tenderers	Quality score	Price score	Total score
Contractor B	22.00	70.00	92.00
Contractor A	22.40	62.28	84.68
Contractor C	22.00	61.57	83.57
Contractor D	21.20	57.79	78.99

43. The panel therefore considers that Contractor B submitted the most economically advantageous tender for the Council and the company has been selected as the recommended contractor.

44. The form of contract for this project is GC Works 1 with Quantities.

Plans for the transition from the old to the new contract

45. N/A

Plans for monitoring and management of the contract

46. The Contract shall be monitored on a day-to-day basis by the appointed Lead Consultant and Principal Designer from LDA Design who will report to the Lead Client Officer from the Parks Team

47. Payment of invoices will be certified on satisfactory completion of works.

48. Progress meetings with the appointed lead consultant and principal contractors shall be held to monitor progress against the programme and the budget.

49. Any significant unexpected deviance from either programme or budget shall be highlighted to the programme board, as issues arise, for resolution.

Identified risks for the new contract

50.

Risk No.	Risk Identification	Likelihood	Risk Control
1	The project is not completed within the allocated timescale.	Medium	A pre- contract meeting will establish a detailed programme of delivery. Adherence to the programme will be closely monitored through regular and ad hoc site meetings, with the consultant and contractor and the submission of monthly progress reports.

2	Price increase resulting from extra soil remediation and or design changes due to unexpected discoveries beneath ground.	Medium	9.5% client contingency is recommended in addition to the contractors 5% included in the tender sums. QS shall review and monitor project costs, and provide monthly statements to the LCO.
3	The project is not completed within the available budget	Low	The QS will provide monthly valuations of works completed and spend forecast the lead consultant and Quantity Surveyor will ensure no additional costs are attributed to the project. Budget review meetings will be scheduled at key project milestones.

Community impact statement

51. This project supports the council's commitments to addressing the needs of Southwark's diverse communities. It will ensure that the needs of all sections of the community continue to be met by the open space provision through improved access to local spaces such as Pullens Gardens.
52. Public consultation about the scheme has found that there is a need for better entrances, improved open grass areas for families and play features for children of all ages and abilities at Pullens Gardens
53. The park redesign responds to this demand and will deliver wider more welcoming entrances, new pathways, seating and play facilities for local residents.
54. Regular and on-going consultation with residents living in neighbourhoods close to the park and the consultative forums already established will continue to be utilised throughout the project to minimise the negative impact of construction works.
55. The design of this project has been assessed to ensure that the council meets its obligation under the Equality Act 2010, to include measures that eliminate discrimination, advance equality of opportunity and promote good community relations.
56. In particular the design explicitly recognises the need to ensure the accessibility of recreation facilities to disabled people. Wider entrances and pathways will be introduced to facilitate better access for wheelchair users.
57. The delivery of this project shall comply with the council's duty to minimise disadvantages suffered by people due to the following protected characteristics:
 - Age
 - Gender
 - Race
 - Disability
 - Religion / Belief
 - Sexual Orientation

Social Value considerations

58. 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

59. The promotion of local economic benefit was built into this procurement by:

- Requiring contractors to use local companies in their sub-contracting and supply chain arrangements
- Should the successful contractor need to employ additional staff to deliver this contract, they have committed to target the local labour market

Social considerations

60. Compliance with the London Living Wage initiative is included within this contract in line with the council's commitment. Monitoring of this will be implemented during the works.

61. Work specifications set out a range of measures to minimise the negative impact of the construction work, including the requirement that vehicle drivers have completed cycle awareness training.

Environmental/Sustainability considerations

62. Where possible, materials specified in the scheme shall be obtained from sustainable sources.

63. Contractors are required to use materials that contribute to achieving the sustainability goals outlined in the specification for the project. For example:

- Use of preferred standards
- Re-use of materials that can be recycled or reclaimed on site
- Avoidance of environmentally damaging materials
- Protection of trees on site

64. 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

65. A range of contractors were selected from the Council Approved List. All were selected from the 'Local' list.

- The successful tenderer is a private organisation
- The successful tenderer has between 50 and 250 employees
- The successful tenderer has a regional area of activity.

Staffing implications

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

Financial implications

67. The capital cost of this contract will likely to be incurred in 2017/18.
68. A contingency of 9.5 per cent of the contract sum is being held within the wider capital project budget to address items identified in the project risk register.
69. Funding for this project is derived from s106 and Capital Programme allocations.
70. The total expenditure incurred against the capital allocation for the scheme will be monitored and reported on as part of the overall Capital Programme.
71. Staffing and any other costs connected with this recommendation are to be contained within existing business unit budgets.

Investment implications

72. N/A

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

73. A 2nd stage approval assessment has been undertaken and the preferred contractor has a low risk status.

Legal implications

74. Following successful award of the contract, a Contract Award Notice will be published via the Contracts Finder website, meeting the obligations set out in regulation 108 of the Public Contract Regulations 2015.

Consultation

75. This contract is being recommended following thorough and on-going consultation with internal and external stakeholders about the proposed work.
76. Ward Councillors and the Cabinet members for Public Health, Park and Leisure and Regeneration and New Homes, shall be kept fully informed of progress on the project.

Other implications or issues

77. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (< Finance Concurrent Reference Number >)

78. This report is requesting the strategic director of environment and leisure to approve the award of the contract to deliver the construction of Pullens Gardens redesign to the preferred contractor following a tender evaluation exercise as detailed in the report. The report is also requesting a client contingency of 9.5% of the contract value.
79. The strategic director of finance and governance notes that the cost of the contract will be funded from the budgets identified in the financial implications.
80. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

Head of Procurement

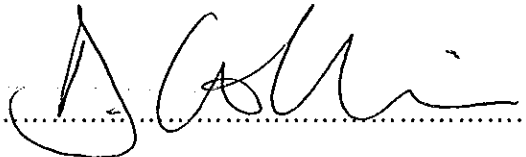
81. N/A

Director of Law and Democracy

82. N/A

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature 

Date 25 April 2017

Designation: Strategic Director Environment & Social Regeneration

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION
As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Project File and background and tender documents	Parks & Leisure Service	Deborah McKenzie 0207 525 0870

APPENDICES

No	Title
None for Open Report	

AUDIT TRAIL

Lead Officer	Rebecca Towers Head of Parks and Leisure
Report Author	Deborah McKenzie
Version	Final (open)
Dated	5 April 2017
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	N/A	N/A
Director of Law and Democracy	N/A	N/A
Cabinet Member	N/A	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	5 April 2017	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Pullens Garden's Re-design
Contract Description	Landscape Construction
Contract Type	GC Works 1
Lead Contract Officer (name)	Deborah Mckenzie
Lead Contract Officer (phone number)	020 7525 0870
Department	Environment and Leisure
Division	Leisure
Procurement Route	Standard protocol
EU CPV Code (if appropriate)	n/a
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed price
Supplier(s) Name(s)	
Contract Total Value	
Contract Annual Value	
Contract Start Date	8 th May 2017
Initial Term End Date	22 nd September 2017
No. of Remaining Contract extensions	n/a
Contract Review Date	December 2018
Revised End Date	n/a
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	n/a
Comments	
London Living Wage	Yes
Contract Name	Pullens Garden's Re-design
Contract Description	Landscape Construction

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.