

Item No.	Classification: Open	Date: February 2018	Meeting Name: Strategic Director of Environment and Social Regeneration
Report title:		Gateway 2 Contract Award Approval Construction of new café, park office and public toilets in Southwark Park	
Ward(s) or groups affected:		Bermondsey and Rotherhithe	
From:		Director of Leisure	

RECOMMENDATION(S)

That the strategic director of environment and social regeneration:

1. Approves the award of a contract for the construction of the new café, park office and public toilets in Southwark Park at a contract value of £1,567,654 for a period of 32 weeks to ROOFF Ltd.
2. That the strategic director of environment and leisure approves the allocation of a contingency totalling £82,000 which will be held within the capital project budget.

BACKGROUND INFORMATION

3. In May 2017 the strategic director of environment and social regeneration approved the procurement strategy to invite seven contractors outside of the approved list to tender for these works using a two stage tender process.
4. In July 2017 the interim head of parks and leisure approved the award of the first stage tender, pre contract services agreement (PCSA) to ROOFF Ltd in the sum of £10,000.
5. The two stage design and build procurement has allowed the architects and quantity surveyor to work with the contractor to finalise the design to the value of £1.56m using market testing to provide us with cost certainty.
6. As part of the pre-construction services ROOFF undertook various tasks in relation to the design and planning of the construction of the new building as per below:
 - Contributed to the design process itself.
 - Advised on buildability, sequencing, and construction risk.
 - Advised on the packaging of the works (and the risks of interfaces between packages).
 - Advised on the selection of specialist contractors.
 - Helped develop the cost plan and construction programme.
 - Helped develop the method of construction.
 - Obtained prices for work packages from sub-contractors or suppliers on an open book basis.
 - Prepared a site layout plan for the construction stage showing temporary facilities.
 - Drafted the preliminaries for specialist and trade contractor bid documents.

- Assisted with any planning application on matters concerning the build phase, such as; waste disposal proposals, construction traffic movements, tree preservation protection etc.
7. Following completion of the pre construction services, ROOFF provided a fixed cost for the main works of £1.56m. This was evaluated by an independent quantity surveyor to ensure the costs reflected the current market rates and provided value for money.
 8. Bell Phillips Architects and ROOFF Ltd have finalised a strong design and one that would make a welcome addition to the park. The changes to the scheme have minimal impact on the design, form and character of the building in order to drive construction costs down whilst still satisfying planning and insurance requirements.

Procurement project plan (Key decisions)

Activity	Complete by:
DCRB Review Gateway 1:	09/05/2017
Approval of Gateway 1: Procurement strategy report	09/05/2017
Completion of tender documentation consultant brief	12/05/2017
Invitation to tender	17/05/2017
Closing date for return of tenders	06/06/2017
Completion of evaluation of tenders	28/06/2017
Gateway 2: Contract award report	13/07/2017
Contract award	20/07/2017
Add to Contract Register	20/07/2017
Contract start	29/08/2017
Initial Contract completion date	08/12/2017
DCRB Gateway 2: Main Contract award report	06/02/2018
Notification of implementation of Gateway 2 decision	12/02/2018
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	16/02/2018
Debrief Notice and Standstill Period (if applicable)	N/A
Contract award	26/02/2018
Add to Contract Register	27/02/2018
Contract start	12/03/2018
Initial Contract completion date	12/10/2018

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. The use of the two stage design and build procurement route has allowed the council to bring a contractor on board early in this project to take forward the completion of the designs through the award of the PCSA under the JCT design and build contract 2011.
10. This second stage, now confirms the price, based on completed designs and will also be awarded under the JCT design and build contract 2011. This provides the council with more certainty in the costs of the main contract and ensures the contractor carries total design responsibility for the scheme.
11. The second stage tender was carried out with the design team and independently appointed quantity surveyor on board. The quantity surveyor assessed and challenged each element of the tender packages and tested these against current market rates to ensure value for money was being achieved. A minimum of three quotes were received for each tender package to ensure competitive prices were received.
12. The procurement will deliver the master plan to solve various problems with the current layout of the park. The current park office, café and toilets are not accessible and are out of sight.
13. The new building will provide a fit for purpose catering facility with both internal and covered external seating which is both appealing to the community and wider public. It will provide a focal meeting point for park users and public toilets which are independently accessible and DDA compliant.
14. The park office is located within a temporary structure which is not fit for purpose or visually appealing. These works will deliver a park office within a permanent structure which fits into the look and feel of the park and is accessible to the public.

Key/Non Key decisions

15. This report deals with a key decision.

Policy implications

16. The project contributes to the council's fairer future promise of revitalising neighbourhoods by improving facilities for local people. The project also contributes to the council's fairer future promise of a stronger local economy by improving the café which will increase the number of café users, and therefore increase café income.
17. The customer experience will be enhanced through creation of a hub which is welcoming, attractive, safe and convenient that integrates well with the other facilities and fits attractively into the historic setting of Southwark Park. Park staff will be more visible to park users as the office will be centrally located.
18. Planning permission for this scheme was granted in November 2016. We have engaged with the planning officers to ensure they approve any changes made to

the scheme. A non material amendment to the application was submitted and approved on 30 January 2018.

Tender process

19. As agreed in the approved Gateway 2, ROOFF Ltd were appointed to take forward the pre-construction services agreement from July 2017.
20. With this two-stage approach to procurement, there is an expectation and likelihood that the contractor appointed for pre-construction services would be appointed for the works contract, subject to the formal decision of the contracting authority to proceed.
21. During the second stage tender process the council's appointed design team and independently appointed quantity surveyor worked alongside ROOFF Ltd to scrutinise tender returns from all sub contractors. As detailed in paragraph 11 a minimum of three quotes were received from each sub-contractor to ensure a competitive tendering process took place.
22. Value for money is obtained through the application of competitively tendered framework rates for main contractors core costs (i.e. management, design, certain preliminaries and overheads and profit) and by competitive tendering of the works packages by the main contractor. These costs were assessed by the quantity surveyor who tested them against market rates to ensure value for money was being achieved.
23. The Gateway 1 reported dated 09/05/2017 was approved at an estimated contract value of £1.6m.

Tender evaluation

24. As the quality assessment was undertaken as part of the stage one, no further qualitative assessment was considered at the second stage.

Stage 2 construction assessment

25. Following the PCSA design period, ROOFF Ltd were required to submit a final construction cost for the works.
26. Bell Phillips Architects and the independent quantity surveyor have reviewed the final cost proposal from ROOFF Ltd to ensure that it meets the council's requirements in terms of value for money. They have both confirmed that, when benchmarked against comparative market data from other providers for similar projects, the price represents value for money.
27. ROOFF Ltd submitted a contract sum of £1.56m in January 2018 which is £40,000 lower than the estimated contract value approved in the Gateway 1 report.
28. The design team and independent quantity surveyor have been engaged in the second stage tender exercise and have provided the council with confidence that the final contract sum submitted by ROOFF Ltd has achieved value for money and is in line with current market rates.

Plans for the transition from the old to the new contract

29. There is no existing contract in place.

Plans for monitoring and management of the contract

30. The contract shall be monitored by the project manager from the parks and leisure team and the lead consultants Bell Phillips Architects.

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

32. Regular progress meetings with the contractor shall be held to monitor progress against the programme and the budget.

33. Any significant unexpected deviance from either programme or budget shall be highlighted to relevant officers, as issues arise. A quantity surveyor has been appointed as part of these works.

Identified risks for the new contract

34.

Risk	Risk Rating	How Mitigated
Ensuring the project is completed within the allocated budget	Low	This risk has been mitigated through the two stage tender process. The contract value has been agreed following an a comprehensive value engineering exercise where real costs have been obtained from sub contractors and assessed by the design team and quantity surveyor. Regular updates and budget meetings with the design team, contractor and quantity surveyor will be held to ensure no additional costs are attributed to the project.
Ensuring the project is completed on time	Medium	A comprehensive monitoring regime will be implemented, comprising of regular updates and progress meetings with the consultant and lead client officer to ensure delays are kept to a minimum.

Community impact statement

35. This project will support the council's commitment to meet the needs of Southwark's diverse communities.

36. The building design is fully accessible and DDA compliant, with level access into the building, all entry points have a turning circle to allow for suitable manoeuvrability and there is provision for a dedicated disabled toilet alongside one enlarged cubicle in both the male and female toilets.

37. The building will be designed to accommodate new reception facilities that are fully accessible to all visitors.
38. It will offer a central information point that will enhance the visitor experience of the park.

Social Value considerations

39. 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 details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

40. The promotion of local economic benefit will be delivered by ROOFF Ltd by:
- using local companies in their sub-contracting and supply chain arrangements where possible
 - employing additional staffing if required from the local labour market.
41. ROOFF Ltd do not have an apprenticeship scheme and it will not be feasible to include this as part of this project as the budget is not sufficient to cover this cost.

Social considerations

42. The successful contractor will be required to ensure that all appropriate staff engaged in the delivery of the services are paid the London Living Wage or above and to encourage its sub-consultants (if any) to do the same.
43. The contract will be let in compliance with section 149 of the Equality Act 2010 under which the council has a duty to have due regard in its decision making processes to the need to:
- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct.
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not.
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
44. The relevant protected characteristics are age, disability, gender assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above. As the proposed contract is intended to deliver a master plan for the design and implementation of improvements to a well-used local community facility, officers are not aware of any actual or potential adverse impact on any individual or group within the local community having a protected characteristic under the Act.

Environmental considerations

45. Where possible materials specified in the scheme shall be obtained from sustainable sources.
46. Contractors will be required to use materials that contribute to achieving 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
47. ROOFF Ltd will be required to address all issues within the works specification including the protection of trees.
48. The scheme seeks to ensure minimal on-going 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.
49. The design includes a green/wildflower roof, wetland planting around the lake edge and low level external lighting as to not disturb any bat activity.

Market considerations

50. ROOFF Ltd is a private organisation with a national area of activity.

Staffing implications

51. There are no implications for staffing as the client function will be provided by the Parks and Leisure business unit.

Financial implications

52. The report is recommending approval to award the contract to ROOFF Ltd at a value of £1,567,654. Together with a separate contract contingency of £82,000 this combined cost (£1,649,654) can be contained within the approved departmental capital budget.
53. The project is included in the latest Capital Programme under the Environment & Social Regeneration department. The total lifetime budget for "Southwark Park" project (L-2340-0520) is £2,460,591 with £2,226,894 budget available at the 1st April 2017 (17/18 +). As such there is sufficient budget available to cover this proposed contract and contingency amount if required.
54. The total expenditure incurred against the capital allocation for the scheme will be monitored and reported as part of the overall Capital Programme.
55. Any future maintenance costs arising from this investment will be funded from the existing Parks and Leisure business unit's revenue budgets.

Legal implications

56. The proposed award has been recommended following a legally compliant two stage tendering process as described in paragraphs 19 to 28. The proposed award is also consistent with the relevant requirements of the council's Contract Standing Orders.

Consultation

57. Consultation took place in March – April 2016.

58. The survey was completed by 105 individuals, a public exhibition of the designs were available to view daily during half term and stakeholder events were held including a residents meeting, attendance at the Friends of Southwark Park meeting and a stakeholder meeting, all of which were well attended.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

59. A formal concurrent is not required for this report as the contract value is below the EU threshold for works.

Director of Law and Democracy

60. A formal concurrent is not required for this report as the contract value is below the EU threshold for works.

Strategic Director of Finance and Governance (CAP17/103)

61. This report is requesting the Strategic Director of Environment and Social Regeneration to approve the award for the construction of the new café, park office and public toilets in Southwark Park to ROOFF Ltd., at a total value of £1,649,654 (i.e. works contract £1,567,654 plus contingency £82,000) for a period of 32 weeks.

62. The strategic director of finance and governance notes that the costs of the contract will be contained within the departmental capital budgets for the “Southwark Park” project allocated under the Council’s capital programme.

63. The total expenditure for the scheme will be monitored and reported as part of the overall capital programme

64. Staffing, subsequent maintenance and any other costs connected with this project to be contained within existing departmental revenue budgets.

65.

FOR DELEGATED APPROVAL

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: 2nd March 2018

Designation: Strategic Director of 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
Not applicable.
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>
None
6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Title of document(s) Gateway 1 – Southwark Park Masterplan New Café Building	Parks and Leisure 160 Tooley Street London SE1 2TZ	Hemali Topiwala 020 7525 0530
Gateway 2 - Southwark Park Masterplan first stage tender new café building		
Link: G:\Parks\Parks Programme\5 Major Parks Cluster\Southwark Park Master Plan 2015\14. Procurement\Gateway Reports\Building Contractor		

AUDIT TRAIL

Lead Officer	Fiona Dean, Director of Leisure	
Report Author	Hemali Topiwala, Project Manager, Park & Leisure	
Version	Final	
Dated	February 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes/No
Contract Review Boards		
Departmental Contract Review Board	Yes/No	Yes/No
Corporate Contract Review Board	N/A	N/A
Cabinet	N/A	N/A
Date final report sent to Constitutional/Community Council/Scrutiny Team		N/A

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Construction of new café, park office and public toilets in Southwark Park
Contract Description	Building works
Contract Type	Works
Lead Contract Officer (name)	Hemali Topiwala
Lead Contract Officer (phone number)	020 7525 0530
Department	Environment and Leisure
Division	Parks and Leisure
Procurement Route	Seven tenders
EU CPV Code (if appropriate)	Not applicable
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	ROOFF Ltd
Contract Total Value	£1,567,654
Contract Annual Value	£1,567,654
Contract Start Date	March 2018
Initial Term End Date	October 2018
No. of Remaining Contract extensions	None
Contract Review Date	N/A
Revised End Date	N/A
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	N/A
Comments	None
London Living Wage	Yes

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