

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 14/08/2018	<b>Meeting Name:</b> Strategic Director of Children's and Adults' Services
<b>Report title:</b>		<b>Gateway 2: Contract Award Approval -</b> Refurbishment of former Castlemead Neighbourhood Housing Office and associated outbuilding	
<b>Ward(s) or groups affected:</b>		All wards	
<b>From:</b>		Project Manager (Enabling & Monitoring)	

## RECOMMENDATION

1. That the Strategic Director of Children's and Adults' Services approves the award of the contract for the remodelling and refurbishment of 232 Camberwell Road (known as Castlemead Neighbourhood Housing Office [NHO]) and the adjacent former nursery building into office accommodation to Interserve PLC in the sum of £1,347,154 for a period of 7 months commencing 10 October 2018. This total includes a contingency sum which will not be used without the authorisation of the Corporate Facilities project manager and the approval of the Adult Social Care Capital Board.

## BACKGROUND INFORMATION

2. The Gateway 1 for the refurbishment project construction works of Castlemead NHO and adjacent building was approved on 13 December 2016 at an estimated cost of £1.3m.
3. The project plan for the refurbishment contract is at paragraph 13.
4. In January 2007, the then Modernisation Executive Management Team approved the Office Accommodation Strategy (revised in May 2007). The strategy was to improve office accommodation within the council, addressing the poor state of offices occupied by many staff and experienced by visiting service users and the need to provide modern, fit-for-purpose accommodation to support the development of integrated services. This decision also initiated the long term reviews of accommodation at all council offices.
5. In November 2010 Cabinet approved the revised office accommodation strategy. The strategy committed the council to maximise the use of 160 Tooley Street and agreed the council's requirement for a further operational office site in the centre or south of the borough for specialist services that do not fit efficiently into the Tooley Street model or which are geographically more appropriately located in that area.
6. In November 2016 Cabinet endorsed Southwark's Fairer Future Modernisation Programme which outlined how Southwark will become a transformed, forward thinking, dynamic council that effectively embraces modern ways of working in order to serve our customers. The council's aim is to create attractive and

inspiring work environments to support new work styles, increase adaptability of space, and increase business performance.

7. In December 2017 Cabinet approved the Office Accommodation strategy – Queens Road 4 approving the Queens Road 4 development with the adoption of a new standard of accommodation for both staff and customer services.
8. Castlemead NHO is a redundant housing office which has been identified as suitable for the relocation of staff following the remodelling and refurbishment of the premises.
9. The former nursery building adjacent to Castlemead NHO is vacant and will also be remodelled and refurbished as part of the strategy to re-provide new accommodation for the services.
10. The refurbishment of these premises will provide office accommodation for the Adult Social Care staff from 20-22 Lordship Lane and 27 Camberwell Road in accordance with the agreed accommodation strategy and a front facing customer service for service users.
11. The properties at 27 Camberwell Road and 20-22 Lordship Lane do not meet the requirements of staff and service users. It is not considered financially viable to redesign and refurbish these properties. Adult Social Care Mental Health staff vacated Lordship Lane in November 2016 consolidating the service at 27 Camberwell Road.
12. As set out in the Gateway 1 report, the procurement route has been to invite tenders from reputable building contractors selected from the Council's Exor Works Approved List. This approach has:
  - Ensured wider market testing
  - Mitigated the risk of additional overheads which would potentially be applicable; and
  - Driven value for money through a structured quality and price tender evaluation methodology.

#### **Procurement Project Plan (Key Decision)**

13. The Procurement Works project plan is set out below:

<b>Activity</b>	<b>Complete by:</b>
Approval of Gateway 1: Procurement strategy report	13/12/2016
Forward Plan	16/03/2018
Invitation to tender	20/11/2017
Tender process paused	14/12/2017
Completion of tender documentation	20/04/2018
Re-issue of invitation to tender	30/04/2018
Closing date for return of tenders	18/05/2018
Completion of evaluation of tenders	02/07/2018

Activity	Complete by
DCRB /CAB Review Gateway 2: Contract award report	08/08/2018
Notification of forthcoming decision – Five clear working days	16/08/2018
Approval of Gateway 2: Contract Award Report	31/08/2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	11/09/2018
Contract award	12/09/2018
Publication of award notice on Contracts Finder	12/09/2018
Add to Contract Register	12/09/2018
Contract start	10/10/2018
Contract completion date	10/05/2019

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

14. The intended outcome of this procurement is for the appointment of a contractor to carry out remodelling and refurbishment at Castlemead NHO and adjacent former nursery building to provide office accommodation to staff currently at 27 Camberwell Road. The form of contract will be GC/Works/1 which is a council approved industry standard form suitable for these works.
15. The works include the following:
- Installation of a platform lift between ground and first floor levels of the former Castlemead NHO
  - Remodelling of the premises in compliance with Modernise New Ways of Working to provide open plan office accommodation with welfare facilities
  - A new reception
  - Interview and meeting rooms
  - General redecorations
  - IT cabling and infrastructure
  - Mechanical and electrical works including fire alarm systems, general and emergency lighting, ventilation, etc.

### Key/Non Key decisions

16. This report deals with a key decision.

### Policy implications

17. The council is committed in revitalising neighbourhoods by making them places in which we can all be proud to live and work, that are fit for purpose for local residents to use and for staff to work in.
18. This is in line with the council's Vision for a Fairer Future as set out in the Council Plan 2018-19 – 2021-22 which includes a commitment to delivering a modern efficient council.

## **Tender process**

19. In line with the Gateway 1 Report approved on 13 December 2016, the refurbishment of Castlemead NHO and the adjacent building has been procured through the Exor Works Approved List which has suitable building contractors who can deliver the works to the required standards.
20. The following six contractors from the Exor Works Approved List who were able to meet the regulations and contract requirements for the associated risk profile of the scheme were selected and invited to tender on 20/11/2017:
  - Bolt & Heeks
  - Gowlain Building Group
  - Interserve PLC
  - Jerram Falkus
  - H.A. Marks
  - Standage
21. The tender return date was set as 03/01/2018. The tender process was suspended on 14/12/2017 in order that the scheme could be reviewed in line with the Modernise New Ways of Working. This included a review of the space utilisation, access and egress. Following on from this review, the specification was updated to include recommendations on space utilisation, access and egress. Subsequently the updated tender documents were re-issued and the tender process recommenced on 30/4/2018.
22. The tender that was followed included
  - Production and issue of a service requirement (specification for the works to be carried out)
  - Production of a Pre-Tender Estimate (PTE) for Corporate Facilities Management's (CFM) benchmarking purposes
  - Tenderer's return which outlined the associated costs for the service requirement
  - Faithful and Gould evaluation of the Tender returns
  - CFM's evaluation of the Tenderer's returns and Faithful and Gould preferred bidder recommendation
  - Preferred bidder recommendation conclusion

## **Tender evaluation**

23. Faithful and Gould, in their capacity as Employer's Agent, undertook a tender evaluation process in accordance with the evaluation methodology which was 30% quality and 70% price, making their recommendation in selecting the preferred bidder for the scheme. A tender evaluation panel consisting of F+G and their consultancy project team, overseen by Corporate Facilities Management, subsequently evaluated the bids and the preferred bidder nomination.
24. The evaluation mechanism was included in the tender documentation. The weighting of 30% quality and 70% price applied to the evaluation criteria.
25. The tendered price was evaluated in accordance with the evaluation mechanism against the pre tender estimate (PTE) of £1.66m. The summary of the price evaluation is provided in paragraph 28 below.

26. The evaluation methodology and the basis of the council's scoring criteria were made clear to bidders at the time of invitation to tender in the instructions to tenderers, with a scoring matrix of 0- 5. The Quality audit 30% of the total evaluation was based upon:

- Programme management
- Human resources
- Management Procedures
- Staff and Resident engagement
- London Living Wage
- Technical Capabilities including sub contractors and supply chain

Price was evaluated on 70% of the priced schedule. The tenderer with the lowest price received the maximum percentage available. Each remaining tenderer price was awarded a percentage score proportionally lower in line with the following formula:

$$\frac{\text{Lowest submitted total price} \times 70\%}{\text{Tenderer's submitted total price}}$$

27. The additional required information was evaluated on a pass / fail basis and tenders must meet the minimum standards outlined in the evaluation mechanism. The criteria was the tenderer meeting the council's requirements with regards to:

- Health and Safety
- London Living Wage (LLW)

28. Summary of evaluation:

<b>Tenderer</b>	<b>Price Points Awarded (70%)</b>	<b>Quality Points Awarded (30%)</b>	<b>Total Points Awarded</b>
Interserve PLC	66.05%	24%	90.05%
Contractor 2	65.30%	19.5%	84.8%
Contractor 3	70.00%	19.8%	89.8%
Contractor 4	Discounted	Discounted	Discounted
Contractor 5	Withdrew	Withdrew	Withdrew
Contractor 6	65.49%	19.8%	85.29%

29. One of the six tenderers, Contractor 5, declined to tender on this occasion. Contractor 4's tender submission did not meet the requirements of the tender. This was due to late submission.

30. Interserve PLC met the evaluation methodology in relation to Health & Safety, and demonstrated an economically advantageous tender.

31. Faithful + Gould carried out a number of spot checks on key rates contained within the tender submissions and commented that the rates are competitive and generally comparable with current market levels.

32. The Interserve PLC tender submission demonstrated a comprehensive and professional submission with good relevant experience. A very good level of Health & Safety information, including Construction Phase Plan and additional information such as Fire and Emergency procedures, Fire Risk Assessment, Site Plan, and Sustainability Plan were included in the tender submission. This is

reflected in the quality points scoring, which was significantly higher than any other tenderer.

33. Officers consider that the works are value for money.

34. The form of contract will be GC/Works/1 which is a council approved industry standard form suitable for these works.

#### **Plans for the transition from the old to the new contract**

35. This is a one off contract and there will be no transition arrangements.

#### **Plans for monitoring and management of the contract**

36. Faithful and Gould are project managing the works with CFM managing Faithful and Gould to ensure the works meet the client's requirements.

37. Pellings will act as Principal Designer, providing Construction Design and Management advice to ensure compliance to Construction Design and Management Regulations 2015 (CDM).

#### **Identified risks for the new contract**

38. Risks relating to this contract and how they will be managed are shown below.

<b>S/N</b>	<b>Risk</b>	<b>High/Medium /Low</b>	<b>Mitigation Strategy</b>
R1	Unforeseen delays in completing the works or meeting the agreed programme	Medium	Undertaking the works as one package will allow more effective management of the works and the contractor. As part of the ITT a project delivery plan has been provided by the main contractor and will be monitored through the life of the project.
R2	More extensive works may be required once work commences	Medium	A contingency sum has been allocated to mitigate against this risk.
R3	Detrimental impact of work on residents and staff	Low	As Principal Designer (CDM), Pellings will not sanction works to commence on site without a satisfactory construction phase health and safety plan being in place.
R4	Poor communication	Low	There will be a strong emphasis on communication with regular progress meetings and updates to be provided for stakeholders. The contractor will be required to provide contact details for the site manager for residents during the construction period.
R5	Design risks	Low	-Specialist consultancy services contract will assume

			responsibilities of Principal Designer under the CDM Regulations -Robust specification and associated design criteria
R6	Failure to deliver the works to agreed timescales	Low	-Contingency built into project programme -Periodic monitoring and reporting on project progress
R7	Risk of insolvency	Low	The council has undertaken a credit check on Interserve PLC and they were found to be of sound financial standing.

### Community impact statement

39. This procurement will facilitate the delivery of works to provide fit for purpose office accommodation for staff and a front facing customer service for service users. The works will enable the currently derelict office accommodation below the housing block to be modernised and regenerated. The lives of the local community will improve due to the enhanced nature of the local built environment with empty premises now being occupied and used for council business.
40. The principal contractor will be working to agreed hours of working and noise levels as set out in the planning approval to minimise disruption to the local residents. As Principal Designer (CDM), our consultant Pellings will not sanction works to commence on site without a satisfactory Construction phase health and safety plan being in place.
41. There is a strong emphasis on communication with the local community regarding this project, we have already had an initial meeting with the local residents and TA to inform them of the proposed project and to take on board their concerns to minimise any potential inconvenience to them during the works. In addition, prior to the works commencing we are proposing a further meeting with the residents to introduce the Principal Contractor and their team to discuss the project. We are also proposing a letter drop to the block to update the residents about progress of the project and to provide the contact details of the site manager who will be the day to day contact for the local community during the construction period.
42. The council requires that the successful tenderer ensures that a minimum of one apprentice will be engaged on the works throughout the contract duration.

### Social Value considerations

43. 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**

44. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, development partners engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report approved on 13 December 2016 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. Interserve PLC has confirmed that they already meet the LLW requirements. Following award, quality improvements and cost implications will be monitored as part of the contract review process.
45. The council has requested the necessary information from tenderers using the council's standard documentation in relation to blacklisting and the winning tenderer Interserve PLC has confirmed that they are compliant with the regulations.
46. The contract conditions also include an express condition requiring compliance with the blacklist regulations, and include a provision to allow the contract to be terminated for breach of these requirements.

### **Social considerations**

47. This project contributes to the sustainability of the area by ensuring that the building remains open for staff to operate in and that staff and other stakeholders do not have to travel to facilities at other distant locations.
48. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:
- i. Eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - ii. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not;
  - iii. Foster good relations between those who share a relevant characteristic and those that do not share it.
49. The relevant protected characteristics are age, disability, gender reassignment, 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 (i.) above. The aims and objectives of this proposed procurement are intended to provide benefits for all sections of the community and it is not anticipated that any individual or group will be disadvantaged.
50. The project ensures the building's essential renovation and maintenance work is carried out. The works will prolong the life of the building and provide a fit for purpose work place for community and staff.

### **Environmental/Sustainability considerations**

51. The contract will adhere to the Council's Sustainability Policy and materials purchased, where possible, will be from sustainable sources.



52. The requirement is to use materials that contribute to the sustainability goals the contract is aiming to achieve such as the use of preferred standards, re-use of materials that can be recycled or reclaimed on site, avoid environmentally damaged materials and avoid materials that are potentially harmful to humans.

#### **Market considerations**

53. The successful tenderer Interserve PLC is a multinational support services and construction company based in the UK.

#### **Staffing implications**

54. The award of the refurbishment works contract does not have any Transfer of Undertaking (Protection of Employment) (TUPE) implications.

#### **Financial implications**

55. The contract for the refurbishment of Castlemead NHO and the former nursery is a fixed price contract subject to any agreed variations through the contractual processes.
56. The Gateway 1 report for the refurbishment of Castlemead NHO and associated outbuilding which was approved on 13 December 2016 noted that the total cost of the project was estimated at £1.7m. The Gateway 1 noted that a total of £1.7m from the Adult Care Capital Programme had been allocated to this project. This allocation was approved during the Cabinet meeting of 1 November 2016.
57. Following a review of the specification to meet the Modernise New Ways of Working and building space strategy, and increased costs due to inflation, the total cost of the project is now estimated at £1,925,933 as follows:
- Refurbishment contract sum - £1,347,154
  - Other costs: Furniture, Information Management & Technology (IM&T), and fees - £578,780
58. An additional £300,000 in funding has been allocated to meet the cost of the scheme from the Adult Care Capital Programme. This was approved by Cabinet on 6 February 2018.
59. This Gateway 2 report is in relation to the contract for the refurbishment construction works for Castlemead Neighbourhood Housing Office and the adjacent former nursery building.
60. The tender price includes a contingency for the construction works which will not be used without the authorisation of the Corporate Facilities project manager and the approval of the Adult Social Care Capital Board.

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

61. Financial checks have been conducted with Interserve PLC. Interserve PLC is an existing corporate provider of Facilities Management services to Southwark Council and has demonstrated satisfactory scoring.

### **Legal implications**

62. The proposed contract has been procured in accordance with all relevant legislative requirements and in line with the Council's contract standing orders.

### **Consultation**

63. The project brief has been developed in consultation with the Adult Social Management Team and staff from both 27 Camberwell Road and 20-22 Lordship Lane.

64. A pre-contract meeting will be held with the relevant stakeholders following the award of the contract.

65. A post inspection of the works will be conducted (which will include stakeholders) prior to signing off the works.

66. Consultation meetings have been held with residents/lessees of adjacent properties on 29 March and 31 May 2018. Further meetings will be held prior to the works starting. There will be updates and a contractor contact number whilst the works are being progressed.

### **Other implications or issues**

67. Not applicable.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance**

68. Not applicable.

### **Head of Procurement**

69. Not applicable

### **Director of Law and Democracy**

70. A formal legal concurrent is not required for this report as the estimated value of the proposed works is below the EU threshold. Compliance with all relevant legal obligations is confirmed in paragraph 62.

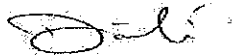
### **Director of Exchequer (for housing contracts only)**

71. Not applicable.

## 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 24 August 2018

**David Quirke-Thornton**

Designation **Strategic Director of Strategic Director Children's and Adult's Services**

## 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.

<b>1. DECISION(S)</b>
As set out in the recommendations of the report.

<b>2. REASONS FOR DECISION</b>
As set out in the report.

<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Not applicable.

<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION</b>
N/A

<b>5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST</b>
<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>

**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

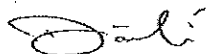
*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

N/A

**6. DECLARATION ON CONFLICTS OF INTERESTS**

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

Signature



Date 24 August 2018

**David Quirke-Thornton**

Designation **Strategic Director of Strategic Director Children's and Adult's Services**

**BACKGROUND DOCUMENTS**

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval. Refurbishment of Castlemead NHO and associated outbuilding	Corporate Facilities Management	Prince Kamanda 020 7525 7480

**APPENDICES**

No	Title
N/A	N/A

## AUDIT TRAIL

Lead Officer	Bruce Glockling	
Report Author	Bernadette Kiernan / Tom Londra	
Version	Final	
Dated	14 August 2018	
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)	No	No
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	N/A
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team		24 August 2018

## BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Refurbishment of Castlemead NHO and associated outbuilding
Contract Description	Works contract
Contract Type	GC/Works/1
Lead Contract Officer (name)	Tom Londra
Lead Contract Officer (phone number)	020 7525 5146
Department	Housing and Modernisation
Division	Corporate Facilities Management
Procurement Route	Single Stage Tender
EU CPV Code (if appropriate)	Not Applicable
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	Interserve PLC
Contract Total Value	£1,347,154
Contract Annual Value	Not Applicable
Contract Start Date	10.10.2018
Initial Term End Date	10.05.2019
No. of Remaining Contract extensions	Not Applicable
Contract Review Date	Not Applicable
Revised End Date	Not Applicable
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	Not Applicable
Comments	No comments
London Living Wage	Included

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