

Item No.	Classification: Open	Date: 16 October 2019	Meeting Name: Director of Adult Social Care
Report title:		Gateway 2 - Contract Award Approval Waterside Refurbishment of Building Services and Fabric. (Anchor Lifecycle Programme)	
Ward(s) or groups affected:		All	
From:		Head of Corporate Facilities Management	

RECOMMENDATION(S)

That the Director of Adult Social Care approves:

1. the award of the Waterside Refurbishment of Building Services and Fabric (Anchor 7 Year Lifecycle Programme) contract to Pride Developments in the sum of £733,378.24 plus fees of £127,387.80 making a total expenditure of £860,766.04 for a period of 22 weeks commencing on 18th November 2019 and
2. the allocation of a contingency sum as detailed in paragraph 50 which is subject to the authorisation of the Director of Adult Social Care.

BACKGROUND INFORMATION

3. Waterside is one of four residential care homes for the elderly operated by Anchor. The Anchor 7 Year Lifecycle Investment Plan outlining a programme of works to be carried out across the four homes and seeking capital funding of £7,888,000 phased over the next 7 financial years was approved by Children's and Adults Board (CAB) on 30th May 2018.
4. In February 2019 a Gateway 1 to undertake a programme of works to replace ageing fabric and infrastructure across the four Anchor residential care homes, Greenhive, Rose Court, Waterside and Bluegrove, between April 2019 and March 2020 with an anticipated cumulative cost of £2,659,000 including fees was approved.
5. This project at Waterside was included in the programme at an estimated cost of £800,000 plus fees and involves the replacement of the plastic micro bore pipework to the heating system together with the installation of new low surface temperature heat emitters and thermostatic radiator valves (TRVs); the replacement of the plastic domestic hot and cold water supply pipework in the loft; the refurbishment of the vacant top floor to create a new intermediate care unit; the redecoration of common areas on the ground and first floors and external repairs and redecorations.
6. The works proposed in this report will provide 15 intermediate care beds helping to free up hospital beds and support elderly residents to transition from hospital and return to their homes.

Procurement project plan (Key Decision)

7.

Activity	Completed by/Complete by:
GEN Notice Published	30/10/2019
Briefed relevant cabinet member (over £100k)	05/03/2019
Approval of Gateway 1: Procurement Strategy Report	20/02/2019
Invitation to tender	28/08/2019
Closing date for return of tenders	20/09/2019
Completion of evaluation of tenders	30/09/2019
Adult Social Care Board Gateway 2:	16/10/2019
Notification of forthcoming decision – Five clear working days	30/10/2019
Approval of Gateway 2: Contract Award Report	07/11/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	15/11/2019
Debrief Notice and Standstill Period (if applicable)	N/A
Contract award	15/11/2019
Add to Contract Register	15/11/2019
Contract start	18/11/2019
Publication of award notice on Contracts Finder	21/11/2019
Contract completion date	24/04/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. This procurement will continue a programme of works, agreed between the council and Anchor that started in 2018 with the Anchor Homes Refurbishment Programme, to invest in the homes and improve the general environment by completing the refurbishment of communal areas and upgrading the mechanical and electrical infrastructure and in this project reinstating the top floor to create a bed based re-ablement unit.

Key/Non Key decisions

9. This report deals with a key decision

Policy implications

10. A key element of the corporate plan is that the FM strategy supports “transforming public services”. This requires sound management of the council’s property assets, how they are utilised and their effective operational and financial management. Delivery of these lifecycle capital project works is integral to the sound management of the council’s property assets.
11. The medium term resources strategy aligns financial priorities with the management of assets and the associated resources with which the council delivers its services. This capital project works will support the council’s medium and long term objectives for generating efficiency savings.
12. The theme of “valuing the environment” will be increasingly supported through the delivery of this project. Supported policies include “Southwark Cleaner Safer” and the “Sustainable Community Strategy”.

Tender process

13. In line with the council’s Contract Standing Orders and the Gateway 1 approved on 20 February 2019 five reputable contractors from the council’s works approved list (as detailed in paragraph 14) were invited to tender on 28 August 2019 with the deadline for responses on 20 September 2017.
14. The following five contractors were invited to tender based on their financial capability, relevant expertise and known performance.
 - Property Facilities Group Ltd (PFG)
 - Pride Developments
 - Stonegrove Ltd
 - NRT Building Services Group Ltd
 - TDK Mechanical Services (UK) Ltd
15. All tenderers visited the premises supervised by members of the Corporate Facilities Management (CFM) technical services team during the early stages of the tender period
16. One advised at a relatively early stage that they would not be tendering due to current commitments and a second failed to submit a tender without providing a reason resulting in tenders submitted by 2 of the five contractors by the due date. The third had unsuccessfully attempted to upload their tender but, following consultation with Legal and Procurement, it was confirmed the tender could be accepted.
17. All tenders were checked for compliance and arithmetical errors. Although all of the tenders were compliant some omissions and arithmetical errors were identified in tenders and as a result tenderers were contacted via the e-procurement portal in accordance with the clarification process defined within the tender documents

Tender evaluation

18. A tender evaluation panel comprising council officers from the CFM technical team together with a member of the contracts team evaluated the tenders in accordance with the evaluation methodology.
19. Pricing was scored out of 70% and evaluated against all tenders submitting a lump

sum priced Form of Tenders which included an elemental price breakdown.

20. Following clarification of omissions and arithmetical errors the revised tender sum was evaluated in line with the methodology set out in the invitation to tender documents where the lowest tender receives the maximum 70% and the remaining tenders are awarded proportionately lower marks through the following calculation:

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

21. Pride developments submitted the lowest tender and were therefore awarded 70%. The next highest score was 64.23%. Further information on tenderers' quantitative scoring is detailed in the closed report.
22. Two of the tenders were below the pre-tender estimate (PTE) and one was above.
23. Quality was scored out of 30% and tenders were evaluated in accordance with the evaluation methodology detailed in the tender documents. Tenderers were required to address a total of 16 questions on programming, Human Resources, management procedures, staff and resident engagement, London Living Wage, technical capability with a specific focus on achieving delivery of the top floor at the earliest opportunity, health and safety and relevant experience of working on similar projects in occupied buildings.
24. The tenderers response to each question was scored from 0 – 5 as per the table below and each question allocated a percentage weighting. The percentage scores obtained were then adjusted to reflect the 30% of the total available.

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, and 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.

25. Pride Developments scored second highest on quality with 14.04% and the highest score was 14.40%. Further information on tenderers' qualitative scoring is detailed in the closed report.

26. The summary of the tender evaluation is as follows:

Name of Tenderer	Price Score	Quality Score	Total Score	Final Ranking
Pride Developments	70%	14.04%	84.04%	1
Contractor 2	64.23%	14.4%	78.63%	2
Contractor 3	59.12%	10.08%	69.2%	3

27. Pride Developments were therefore ranked first overall in the evaluation for price and quality with a total score of 84.04%.

28. On carrying out a financial check on Pride Developments, it was discovered that a previous company named Pride Developments Ltd had gone into liquidation in 2018 and Pride Developments had been formed as a partnership in 2017. In consultation with Legal, Procurement and Finance Pride were asked to provide information on their accounts and turnover and obtain additional insurance cover to the value of £750K which was agreed by their insurer at a cost of £2,876.10.

29. Having reviewed the information provided officers agreed that the contract could be awarded to Pride Developments

30. Officers consider that the tender price represents best value for money to the council and presents a saving of £66,621.76 compared to the pre-tender estimate of £800,000. Through the quality submission Pride have demonstrated they have the experience and ability to deliver this programme of work and clearly understand the importance of working closely with staff to programme and phase works to minimise impact on the day to day operation and to safeguard the health and safety and quality of life of the residents.

Plans for the transition from the old to the new contract

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

Plans for monitoring and management of the contract

32. CFM will act as Contract Administrator overseeing the main contractor and David Miles and Partners (DMP) the Building Services Consulting Engineers will oversee the M&E works in collaboration with CFM Technical Services. Pellings will act as Principal Designer for the purposes of CDM on the scheme.

33. A Project Manager has been appointed by CFM to manage the programme and keep all parties informed. Safety, quality and environmental standards will be monitored by the CFM technical services team. The CFM technical team's responsibilities in relation to the delivery of this project include:

- Ensuring the supply chain are working safely in line with agreed working practices

- Reviewing design proposals and ensuring the proposed design is both workable and in line with council requirements
- Monitoring responsibilities under CDM regulations
- Managing cost control, contract administration including payment applications, variations and the final account
- Monitoring budget spend and checking payment applications
- Managing communications with Anchor and the home to minimise disruption to staff and residents Ensuring the project works do not adversely impact on staff or residents
- Risk management
- Monitoring key performance targets and other performance standards
- Manage client and other stakeholders expectations

34. A Pre-contract Meeting and regular progress meetings will be held with Anchor management, the premises managers and other stakeholders to ensure the successful delivery of the project.

Identified risks for the new contract

35. Risks relating to the contract have been identified and mitigated as follows:

Risk No.	Identified Risk	Likelihood	Risk Control
1.	Unforeseen delays in completing the works or meeting the agreed programme	Medium	Undertaking the various works as one package will allow more effective management of the works and the contractor. A project delivery plan has been provided by the main contractor and will be monitored throughout the life of the project. Priority has been given to completing the top floor, at least in part by December in order to expedite the availability of intermediate care beds.
2.	More extensive M&E works may be identified once work commences	Medium	As the tenders came in lower than the pre tender estimate a contingency sum has been allocated to mitigate against this risk.
3.	Contractor fails to provide a safe environment for residents	Medium	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. A health and safety check will be conducted and the home manager will be consulted and involved in agreeing day to day works programme
4.	Detrimental impact of work on residents and staff	Low	Much of the work will be carried out in occupied areas and there will be a strong emphasis on communication with regular progress meetings and updates to be

Risk No.	Identified Risk	Likelihood	Risk Control
			provided for all stakeholders and close liaison with the home manager. The selected contractor has demonstrated significant experience of working in similar environments, including the Anchor Homes, and a clear understanding of the challenges.
5.	Risk of insolvency	Low	Pride are a partnership and relatively newly formed however the council obtained accounts and turnover details and Pride obtained additional insurance cover up to the value of £750k to minimise any risk to the council

Community impact statement

36. In recommending and making a decision about the award of the contract officers must be conscious of the Public Sector Equality Duty set out in section 149 of the Equality Act 2010, which requires the council to have due regard to the needs of those individuals and groups having a "protected characteristic" as defined in the Act. This report notes that consultation has (and will continue to be) carried out with residents, staff, visitors and contractors in order to demonstrate how that requirements can be met. The works proposed in this report will provide 15 intermediate care beds helping to free up hospital beds and support elderly residents to return to their homes and help to ensure that the physical condition of the building provides a suitable environment for the residents and staff.
37. As Waterside provides residential care and is used by members of the public, there will be an impact on local people and communities. Anchor's role is to ensure staff, residents and their families are kept informed of the proposed works, their timescales and any potential disruption. CFM will ensure that staff providing services are fully conversant with the specific requirements

Social Value considerations

38. 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

39. Once completed this work will result in a number of benefits to the council including
- the top floor will be refurbished and 15 rooms will be brought back into use as a bed based re-ablement unit resulting in less hospital beds blocked
 - reduced future maintenance costs
 - fewer major breakdowns resulting in disruption for staff and residents

- more modern and attractive environments for existing and prospective residents

Social considerations

40. As Waterside provides residential care and is used by members of the public, there will be an impact on local people and communities. Anchor's role is to ensure staff, residents and their families are kept informed of the proposed works, their timescales and any potential disruption. The works will provide a substantially improved environment for the residents and their families.
41. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. Pride Developments has confirmed that they will meet the LLW requirements. Following award, quality improvements and cost implications will be monitored as part of the contract review process.
42. The council has requested and received certain prescribed information from tenderers (using a standard questionnaire) in relation to offences and anti-competitive practices including blacklisting and Pride has formally declared that they do not participate in blacklisting.
43. The contract conditions also include an express condition requiring compliance with the blacklisting regulations throughout the duration of the works and include a provision to allow the contract to be terminated for breach of these requirements.

Environmental/Sustainability considerations

44. In order to benefit from economies of scale and leverage purchasing power it is intended as far as possible to standardise systems, fittings and equipment at Waterside with those used at the other homes taking into account life cycle costs, ease of use/future maintenance and availability of spare parts.

Market considerations

45. The successful tenderer Pride Developments are a Small/Medium Enterprise (SME).

Staffing implications

46. There are no TUPE implications

Financial implications

47. The contracts are fixed price subject to any agreed variations through the contractual processes.
48. Funds of £2,659,000 including fees have been set aside for the Anchor Lifecycle Programme from within the Adults Programme capital allocation under the council's capital programme. The estimated cost of the works to be tendered was £800,000 (£926,726 including fees).
49. The Pride tender is £733,378.24 and the cost including fees is as follows:

Prelims, OHP	20,675.01
Top floor	197,506.26
Common Area (Grd and 1 st)	107,397.56
External repair & redecoration	19,346.50
M&E	<u>388,452.91</u>
Tender Total	733,378.24

CDM Fees	4,480.00
M&E Consultant Fees @ 6.7% of M&E work	26,026.35
CFM Fees @ 8%	<u>61,110.77</u>
Fee Total	91,617.12

Project total 824,995.36

50. This represents a saving of £66,622 on the original pre-tender estimate. A contingency has been allocated against these savings in case more extensive mechanical or fabric works are identified during the course of the work however this contingency will not be used without authorisation of the Director of Adult Social Care.

Investment implications

51. The properties are owned by the council and the works will provide a sustainable investment to the property by ensuring that the building is fit for purpose and meets the requirements for the service users and the statutory bodies.
52. The investment in the refurbishment works will also ensure that the all the Anchor properties can be maintained to the same high standards with a structured capital investment programme for cyclical related works. The annual running costs will also be reduced due to the new mechanical plant.

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

53. No second stage appraisal is required as part of the procurement process.

Legal implications

54. The proposed contract has been procured in accordance with all relevant legislative requirements and in line with the council's Contract Standing Orders

Consultation

55. CFM has worked closely with Anchor management and Adult Social Care regarding the works and programme. A pre start contract meeting and regular progress meetings will be held to ensure staff are consulted and involved and ensure that residents and their relatives are kept informed

Other implications or issues

56. There are no other implications or issues.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (36DK201920)

57. The Strategic Director of Finance and Governance notes the contents of this report. Sufficient budget provision exists within the 2019-20 Adult Social Care capital programme to fund the proposed works.

Head of Procurement

58. N/A as the estimated value of the contract is below the EU works threshold.

Director of Law and Democracy

59. N/A as the estimated value of the contract is below the EU works threshold.

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 7.11.19

Designation Jay Stickland
Director of Adult Social Care

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

None

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.

None

6. DECLARATION ON CONFLICTS OF INTERESTS

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

Signature



Date

7.11.19

Designation

Jay Stickland
Director of Adult Social Care

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Anchor Lifecycle Programme 2019/20 & Appendix 1	Corporate Facilities Management Technical Team Housing and Modernisation 160 Tooley Street, London SE1 2QH	Sue Cooper 0207 525 1638
Tender Report	Corporate Facilities Management Technical Team Housing and Modernisation 160 Tooley Street, London SE1 2QH	Sue Cooper 0207 525 1638

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director for Children's and Adults' Services	
Report Author	Sue Cooper – Interim Project Manager, Corporate Facilities Management	
Version	Final v2	
Dated	06/11/19	
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 (Adult Social Care Capital Board)	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team		7/11/2019

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Not applicable as E –procurement system was used

Contract Name	
Contract Description	
Contract Type	
Lead Contract Officer (name)	
Lead Contract Officer (phone number)	
Department	
Division	
Procurement Route	
EU CPV Code (if appropriate)	
Departmental/Corporate	
Fixed Price or Call Off	
Supplier(s) Name(s)	
Contract Total Value	
Contract Annual Value	
Contract Start Date	
Initial Term End Date	
No. of Remaining Contract extensions	
Contract Review Date	
Revised End Date	
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	
London Living Wage	

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