

Item No.	Classification: Open	Date: June 2020	Name: Strategic Director of Environment and Leisure
Report title:		Gateway 2: Contract Award Approval - South Dock Marina: Lock Gates and Structural Works	
Ward:		Surrey Docks	
From:		Director of Leisure	

RECOMMENDATION

1. The Strategic Director of Environment and Leisure approves the award of the South Dock Marina: Lock Gates and Structural Works contract to DiveCo Marine Ltd in the sum of £834,947.14 for a period of 8 months commencing on 5 October 2020.
2. The Strategic Director of Environment and Leisure approves the allocation of a contingency budget totalling £166,989.43 (20%) which will be held within the capital project budget if the contingency is utilised the total contract value will be £1,001,936.57

BACKGROUND INFORMATION

3. South Dock Marina is located on the south side of the river Thames and is the only central London marina with an integral boatyard. The marina is spread across two converted docks, South Dock and Greenland Dock.
4. Southwark owns and operates the marina and the lock gate at South Dock Marina is the only access point in and out of the River Thames into the marina.
5. There is a need to refurbish the lifting bridge controls, hydraulics and structural elements as they are all outdated.
6. The current condition of the lock gate and its associated controls, hydraulics and structural elements puts the operation of the marina at risk in that boats have not been able to gain access at various points of time in the year due to one of the elements failing meaning that the lock gate cannot be opened.
7. Refurbishment of the lock gate will allow for the continued operation of the marina.

Procurement project plan (Key Decision)

8.

Activity	Completed by / Complete by:
Approval of Gateway 1: Procurement Strategy Report	02/07/2018
Invitation to tender	02/04/2019
Closing date for return of tenders	24/06/2019
Completion of evaluation of tenders	05/12/2019
DCRB Review Gateway 2:	07/01/2020
Briefed relevant cabinet member (over £100K)	23/01/2020
Notification of implementation of Gateway 2 decision	01/05/2020
End of Scrutiny Call-in period (5 days)	08/05/2020
Approval of Gateway 2: Contract Award Report	11/05/2020
Contract award	11/05/2020
Add to Contract Register	11/05/2020
Publication of award notice on Contracts Finder	11/05/2020
Contract start	05/10/2020
Contract completion date	27/05/2021

KEY ISSUES FOR CONSIDERATION

Tender process

9. A quantity surveyor from Ridge and Partners was contracted to ensure that cost control is exercised on all aspects of the contract and that value for money is achieved within the budget.
10. Five specialised contractors who are not on the council's approved list were invited to tender for this contract. Due to the nature of the works a specialist contractor is required. The external contractors were selected by the Harbour Master who has significant experience in the field. Tenderers were required to pass a suitability assessment before proceeding to full tender evaluation.
11. None of the five companies responded to the first invitation to tender as the scope of the works at the time could not be met by any of the contractors.
12. A second tender exercise inviting three companies was carried out with an adjusted scope that involved extending the construction period and the duration of close down for the lock.

13. The three companies agreed to tender, there were a further two extension periods added to the tender deadline due to the complicated nature of the work which resulted in two of the companies submitting a tender fee.
14. The quantity surveyor will also assist with the value engineering, procurement, post contract duties and financial and cost reporting systems.

Tender evaluation

15. The evaluation panel consisted of the council's project manager, the council Harbor Master and the quantity surveyor appointed by the council who conducted a 'consensus scoring process' in accordance with what was set out in the GW1. A consensus score has been agreed by the evaluators for each of the evaluation criteria.
16. The tender process described in the GW1 was followed, using the Most Economically Advantageous Tender protocol. The assessment of the tenders has been based on a price: quality ratio of 70:30 as proposed in the GW1.
17. Post tender interviews took place with Supplier A and DiveCo Marine Ltd to discuss and clarify a number of issues relating to programme and methodology.
18. Following the interviews it was agreed that both tenderers would resubmit tenders for further considerations.
19. The proposals have been analysed by the quantity surveyor who has recommended DiveCo Marine Ltd due to a more competitive and cost effective tender fee. The quantity surveyor is not a marine specialist however the Harbour Master who has great experience in the field has also analysed the prices and queries on the tender submissions.
20. Upon analysis of the costings we have identified that one main reason in price difference comes from the percentage each company has allocated to overhead and profits. Whilst DiveCo has allocated 10%, Supplier A has allocated 30%.
21. The form of contract for this project is NEC Contract together with an Activity Schedule

Firms invited	Quotation/Tender received	Price	Quality (points)	Position
Supplier A	Yes	Sum A	51/150	2
DiveCo Marine Ltd	Yes	£834,947.14	69/150	1
Supplier B	No	N/A	N/A	N/A

Policy implications

22. The project contributes to the council's Fairer Future Commitment of improving access to the quality of homes that you and your family need.
23. The project also contributes to the council's Fairer Future Commitment of a great place to live with clean, green and safe communities.
24. Planning permission for this project is not needed.

Plans for monitoring and management of the contract

25. The contract will be monitored by the Harbour Master and technical project manager.
26. Payment of invoices will be certified on satisfactory completion of works at intervals agreed at the pre start meeting.
27. Progress meetings with the Harbour Master, CDM advisor, quantity surveyor and project manager shall be held to monitor progress against the programme and the budget.
28. Any significant unexpected deviance from either programme or budget shall be highlighted to relevant officers, as issues arise, for resolution.

Identified risks for the new contract

29. The following risks have been identified for this project:

Risk	Risk Rating	How mitigated
Project costs could increase through variations, exceeding the proposed budget. Variations are usually caused by unforeseen circumstances on site. For this project, the specialist nature of works has meant that it was necessary to include more provisional sums than usual in the tender. The contractors cannot accurately price all works item until the works progress and site conditions known.	Low	A sufficient contingency higher than normal will be held within the budget. A comprehensive monitoring regime will be implemented, comprising of regular updates and budget meetings with the Harbour Master and quantity surveyor to ensure any additional costs are within budget.
Excessive downtime of the lock gates due to project delivery (e.g. lock closure for works	Medium	A comprehensive monitoring regime will be implemented, comprising of regular updates and progress meetings with the

takes longer than planned) could result in loss of income and reputational damage to the Council		Harbour Master and quantity surveyor to ensure delays are kept to a minimum.
Recent delay has meant the works did not commence in January during a quiet period at the Marina. The works are now programmed to commence in October. There is a risk that the lock gates could fail before this.	Low	Marina staff have a plan for mitigation in place. In the event of failure, technical work on the lock gates could keep them operational until works commence in October.
There could be a delay due to the COVID-19 pandemic	Medium	The programme will be reviewed periodically and works commencement delayed if deemed appropriate and in line with COVID-19 guidance

Community impact statement

30. The two footbridges will have to be removed to enable repair of the lock gates. The footbridges will be closed for the duration of the works.
31. A diversion has been requested to Southwark Council Highways Licensing & Enforcement Department to close the footbridges and put in place a temporary diversion.
32. The temporary footbridge will be located a couple of metres closer to the inner lock gates. It will be wider than the existing bridge and straight.
33. We are also liaising internally with colleagues in the Highways department in charge of delivering Cycle Quietway 14 in relation to the design of the footbridge.

Social Value considerations

34. 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

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

36. Better access and enhanced visitor experience will be achieved through a fit for purpose boatyard.

Social considerations

37. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, 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.

38. DiveCo Marine Ltd has confirmed that wages paid for standard working hours will meet or exceed national minimum wage or London Living Wage levels as appropriate.

39. The contract will be let in accordance with section 149 of the Equality Act 2010. The council has a duty to have due regard in its decision making processes for the need to:

- Eliminate discrimination, harassment, victimisation or other prohibited conduct;
- Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
- Foster good relations between those who share a relevant characteristic and those that do not share it.

40. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equalities Duty also applies to marriage and civil partnership, but only in relation to (a) above.

41. This procurement will provide benefits for all sections of the community and will not negatively impact or disadvantage any individual or group.

42. There are considered to be no equalities issues arising from the award of this contract.

43. We will liaise with the legal team to make sure the contractors are aware of the changes to terms and conditions on the template contracts in line with the Fairer Future Procurement Framework.

Environmental/Sustainability considerations

44. Where possible, materials specified in the scheme will be obtained from sustainable sources.

45. It is the policy of the council to minimise the potentially significant impacts of their operations on the environment. Likewise the council encourages energy efficiency and promotes waste minimisation and environmentally friendly waste disposal.
46. Contractors will be 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
 - Avoidance of environmentally damaging materials

Market considerations

47. DiveCo Marine Ltd is a private organisation with a national area of activity.

Staffing implications

48. There are no negative impacts on staff resources.

Financial implications

49. This report is proposing to award to contract to DiveCo Marine Ltd and will incur substantial capital expenditure. This has been discussed in the detail in the closed version of the report.

50. The total expenditure incurred against the capital allocation for the scheme will be monitored and reported as part of the overall Capital Programme.

51. Any revenue costs arising (staffing etc) will be managed within existing approved Departmental budgets.

Investment implications

52. N/A

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

53. N/A

Legal implications

54. The proposed contract award is consistent with the EU procurement regulations and the Council's contract standing orders and the process has followed that which was set out in the GW1 report.

Consultation

55. Key stakeholders, including the berth holders, will be kept informed regarding the project including when the works are due to commence and regularly during the construction period.

56. We also have regular discussions with emergency services and our commercial customers and will also keep them updated once we have new dates.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (CAP20/002)

57. This report is requesting Strategic Director of Environment and Leisure to approve the award of the South Dock Marina: Lock gates and Structural Works contract to DiveCo marine Ltd in the sum of £834,947.14 for a period of 8 months and to approve an allocation of a contingency budget of £166,989.43 (which will be held within the capital project budget) making a total contract value of £1,001,936.56.
58. The strategic director of finance and governance notes that the costs of the contract will be contained within “SDM Essential H&S Project” budget allocation, as mentioned in financial implications.
59. The total expenditure for the scheme will be monitored and reported on as part of the overall capital programme
60. Staffing, subsequent maintenance and any other costs connected with this project to be contained within existing parks and leisure division revenue budgets.

Head of Procurement

61. No formal concurrent needed as below EU threshold

Director of Law and Democracy

62. No formal concurrent needed as below EU 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: 29th June 2020

Designation: Strategic Director of Environment & Leisure

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

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.

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
Gateway 1 South Dock Marina: Lock Gates and Structural Works	Environment and Leisure/ Parks and Leisure	Adolfo Gonzalez 020 7525 5945

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Environment, Transport and the Climate Emergency		
Lead Officer	Tara Quinn, Head of Parks and Leisure, Parks and Leisure, Environment and Leisure		
Report Author	Adolfo Gonzalez, Project Manager, Parks and Leisure, Environment and Leisure		
Version	Final		
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
Contract Review Boards			
Departmental Contract Review Board		Yes	Yes
Corporate Contract Review Board		N/A	N/A
Cabinet Member		Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team			29/06/2020

BACKGROUND DOCUMENT - CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	South Dock Marina: Lock Gates and Structural Works
Contract Description	Reconfiguration and refurbishment of the lock gates, hydraulics systems and structural works
Contract Type	Works
Lead Contract Officer (name)	Adolfo Gonzalez
Lead Contract Officer (phone number)	020 7525 5945
Department	Environment and Leisure
Division	Parks and Leisure
Procurement Route	5 tenders
EU CPV Code (if appropriate)	N/A
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed
Supplier(s) Name(s)	DiveCo Marine Ltd
Contract Total Value	£1,001,936.56
Contract Annual Value	£1,001,936.56
Contract Start Date	October 2020
Initial Term End Date	May 2021
No. of Remaining Contract Extensions	N/A
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

This document should be removed before submission to the constitutional team and passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.