

<b>Item No.</b>	<b>Classification:</b> Open *	<b>Date:</b> 22 April 2014	<b>Decision Maker</b> Chief Executive
<b>Report title:</b>		<b>Gateway 2 - Contract Award Approval</b> For construction of new Community Centre at Nunhead Green.	
<b>Ward(s) or groups affected:</b>		Nunhead	
<b>From:</b>		Manager, Project Delivery Team	

### RECOMMENDATION(S)

That the Chief Executive

1. Approves the award of the contract to construct a new community centre on the former site of the Nunhead Green Early Years Centre to Neilcott Special Works with a contract period of thirty calendar weeks commencing May 2014.

### BACKGROUND INFORMATION

2. On 4 October 2013 the director of regeneration approved the procurement strategy of an open one stage procurement process for the works contract to construct a new community centre on the former site of the Nunhead Green Early Years Centre
3. This process was duly complied with using contractors selected from the Southwark Approved List of Contractors with due consideration given to financial capability, relevant expertise and known performance.
4. The contract will be under GC/Works/1(1998), with quantities
5. The approved Gateway 1 Report is attached as Appendix 1
6. In order to issue a fully detailed Bill of Quantities which incorporated the final drawings and full specification notes the completion of the tender documentation and the subsequent tender process were longer than as detailed in the Gateway 1
7. The tender period was set at six weeks to allow for the Christmas shut down in the construction industry.
8. It was a requirement that the building be designed to incorporate an increased specification of insulation in order to ensure low running costs and to achieve a rating of BREEAM excellent.

## Procurement project plan (Key decisions)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	20/12/2013
Approval of Gateway 1: Procurement Strategy Report	04/10/2013
Invitation to tender	20/12/2013
Closing date for return of tenders	30/01/2014
Completion of evaluation of tenders	21/03/2014
DCRB/CMT Review Gateway 2:	07/04/2014
Notification of Planning decision	05/09/2013
Notification of forthcoming decision – Five clear working days	22/04/14
Approval of Gateway 2: Contract Award Report	30/04/2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	09/05/2014
Award of Contract	09/05/2014

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

9. This procurement is necessary to deliver the commitments made to the community in regard to the construction of the new community centre consisting of a large hall, kitchen, small hall, meeting room and terrace together with associated storage and offices and to enable the associated land disposals and capital receipt for the development of private housing on the adjacent, discrete site.

### Key/Non Key decisions

10. This report deals with a key decision

### Policy implications

11. This project is being carried out with reference to the Voluntary Community Strategy and Southwark's Cleaner Greener Safer Policy

### Tender process

12. Six contractors were selected with reference to the financial range and relevant expertise required from the list of general contractors on the Council's Approved List of Contractors (CSO 5.3) and invited to submit a tender under the GC Works/1 (1998) with Bills of Quantities form of contract.
13. The initial closing date for the tender return was 24 January 2014 following a tender period of 5 weeks.

14. The tenderers were asked to provide a submission including the following:-
  - a) relevant experience – provide evidence of three similar projects completed in the last five years
  - b) management - assessment of main risks, explanation of cost capture system, management of commissioning process
  - c) sub contractors – name specialist sub contractors for brickwork, timber frame construction and mechanical, electrical installations.

#### **Tender evaluation**

15. The tender evaluation was carried out on the basis of the most economically advantageous tender, balancing price and quality submissions on a 70/30 price quality weighting. The price is considered the greater element as the competitiveness of the contractors' overheads and preliminaries will be to the council's advantage.
16. The breakdown of the score the evaluation methodology and the basis of the council's scoring criteria, including the minimum quality threshold was made clear to bidders at the time of invitation to tender in the instructions to tenderers.
17. The initial review of the Tenders indicated that only two tenderers had returned documents compliant with both the programme and the site demise. Following discussion with the Head of Regeneration it was agreed that the site area would be extended to cover the whole of the former Nunhead Green Early Years site. An Addendum was issued to all tenderers to price using the whole of the site area.
18. The quality submissions were unaffected and were not revised
19. A tender report has been produced by the consultant quantity surveyors, Appleyard and Trew Six tenders have been received and analysed by the Project Quantity Surveyor on a financial basis. It will be noted from the Quantity Surveyors report that all the tenders were examined in detail. Following adjustments for any arithmetical errors and post tender clarification, the lowest tender from Neilcott Limited is considered to be complete, without significant qualifications, and competitive.
20. The tender sum quoted in each returned variant tender was scored with the lowest tender receiving the maximum mark of 70 and the remaining tenders awarded a proportion of this score based on their percentage difference from the lowest tender.
21. The quality submissions have been assessed by the project design team and the project manager in Southwark Property
22. The combined score together with the price was then used to rank the respondents.
23. The contractor's contract sum analysis was evaluated by the consultant quantity surveyor, who is satisfied that a bona fide price submission has been made and that this is competitively priced, represents good value for money and is consistent with the allowances in the cost plan for the overall project, upon which the project budget is based.

24. The contractor's proposed contract sum was reviewed and a value engineering exercise was carried out with the design consultant team, quantity surveyor, contractor and officers from the Project Delivery Services.
25. The proposed form of contract for the contractor appointment is GC Works 1 (1998) with Bills of Quantity incorporating standard and special amendments to the conditions of contract as advised by the contracts section of Legal Services.

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

26. The role of project client, including the management and administration of the consultant and contractor appointments, will continue to be run and resourced through the Project Services Delivery Team programme office from within Property Services, Regeneration. Progress with the contract works and performance of the consultant team will be subject to constant scrutiny and monthly formal review, including cost, programme and quality. The experienced officer client team will use a number of mechanisms for monitoring and controlling the financial and programme performance of the contract, including:

- Strategic cost plan, which will be regularly reviewed and updated
- Monthly financial statements by the consultant quantity surveyor/contractor
- Monthly appraisals of progress against the contract programme
- Monthly progress reports by:
  - The lead consultant
  - Main contractor
  - Other design consultants
- Monthly progress meetings on site
- Daily tracking and chasing action on critical issues
- Monthly 'look ahead' meetings with principals / directors
- Periodic project team 'look ahead' workshops covering key phases of work and risks
- Risk and issues log

**Identified risks for the new contract**

1.

Risk		Management
Non delivery of community centres a result of preconstruction delays by the professional consultant and/or contractor	Low	Provide clear information or milestones to the contractor in the selection process and obtain proposals for achieving milestones on their quality submissions.
Construction delays on site	Low	Pre-order components with long delivery period. Ensure that site operations are thoroughly and realistically planned by the contractor prior to commencement of the works.

Risk		Management
Failure to meet deadline for project	Low	The successful tenderer has been asked to submit full details of their approach and programming of the project. The programme will be continuously monitored against the key milestones
Possible claims for unforeseen works and re phasing of works if demanded	Low	It is recommended that a client contingency should be retained within the project budget.

27. A Performance Bond will be in place as part of the contract

28. A parent company guarantee will be in place as part of the contract.

#### **Community impact statement**

29. The contractor will carry out the works under the Considerate Contractor scheme which seeks to minimise disturbance and disruption to people in the locality.

30. The provision of a dedicated centre for use by local groups either for their own use or for letting to third parties will help to support and sustain the community activities in the area

#### **Economic considerations**

31. The value of the works is such that it is not considered viable or reasonable to require contractors to engage in local employment initiatives or apprenticeship schemes.

#### **Social considerations**

32. The appointed contractor will pay their employees and sub-contractors not less than the current London Living Wage levels.

#### **Environmental considerations**

33. BREEAM requirements will cover design and specification and will set targets for minimising the adverse environmental impact of carrying out the works.

#### **Market considerations**

2. The successful tenderer

- is a private organisation
- has a national area of activity

- Will employ all staff engaged in the delivery of the works at the current prescribed London Living Wage levels

**Legal implications**

34. As the value of the contract falls below the current EU works threshold and there are no significant risks a formal legal concurrent is not required.

**Consultation**

35. Consultation has been carried with Nunhead Voice and the local community throughout to agree the scope and timescale for the works.
36. Public consultation was undertaken during the planning process.

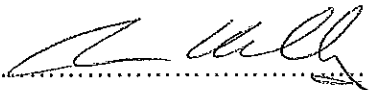
**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

**Head of Procurement**

37. Supplementary advice from the head of procurement is not required as the proposed contract sum is below EU threshold for works and there are no significant risks.

**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..... 30/4/14

Designation ..... CHIEF EXECUTIVE .....

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
None		

## APPENDICES

No	Title
APPENDIX 1	Gateway 1 Report

## AUDIT TRAIL

<b>Lead Officer</b>	Andy Brown Manager Project Delivery Team	
<b>Report Author</b>	Susan Fuller, Project Manager.	
<b>Version</b>	Final Open	
<b>Dated</b>	22 April 2014	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	No
Strategic Director of Finance and Corporate Services	Yes	No
Cabinet Member	N/A	N/A
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	N/A	N/A
<b>Cabinet</b>	N/A	N/A
<b>Date final report sent to Constitutional Team</b>		22 April 2014.

