

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 3 October 2013	<b>Decision Taker:</b> Chief Executive
<b>Report title:</b>		<b>Gateway 1 Procurement Strategy Approval</b> For a works contract to construct a new Community Centre on Nunhead Early Years site, Nunhead SE15	
<b>Ward(s) or groups affected:</b>		Nunhead	
<b>From:</b>		Manager, Project Delivery Team	

### RECOMMENDATION (S)

That the Chief Executive

1. Approves the procurement strategy outlined in this report for a works contract to construct a new community centre on the former site of the Nunhead Green Early Years Centre at an approximate cost of £740,000 (seven hundred and forty thousand pounds).

### BACKGROUND INFORMATION

2. The site is strategically important to the local area as it faces directly onto Nunhead Green. It was formerly the site of the Nunhead Early Years Centre whose services have now relocated to Rye Oak Primary School and Children's Centre.
3. The site has been identified as a residential development with an associated receipt. A commitment has also been made to the local community to deliver a community centre on the site.
4. In May 2012, AOC Limited were appointed to provide architectural, quality surveying, mechanical and electrical services and structural engineering services and to act as Lead Consultant
5. Consultation has been carried out with members of Nunhead Voice, the community group developing the brief and business plan for the community centre and with the local population through a series of public consultation meetings
6. A budget of £825,000 for works to carry out the construction of the new building can be contained within the 10 Year Capital Programme, April 2010 resource allocation.
7. The estimated cost of the works contract is £740,000 (including a 10% construction contingency) for a period of 26 weeks commencing February 2014, subject to planning and tender processes.

### Summary of the business case/justification for the procurement

8. This procurement is necessary to deliver the commitments made to the community in regard to the construction of the new community centre and to

enable the associated land disposals and receipt

9. The original Nunhead Community Centre was closed in 2007 due to concerns over Health and Safety issues following a lack of investment and maintenance in the building over a significant period.
10. The council investigated the cost to undertake the repairs/refurbishment of the building to bring it up to a modern standard and these were estimated at in excess of £1m. It was thought that this did not represent value for money and other options were considered for the provision of Community Facilities in the area.
11. The construction of the Community Centre is discrete from the development of the private housing on the adjacent land and the programme is not dependant on the sale.

**Market considerations**

12. There are adequate numbers of suitably experienced general building firms on the council's Approved List to undertake the proposed works, therefore, tender lists will be drawn in accordance with Contract Standing Orders from the Approved List for these works.

**KEY ISSUES FOR CONSIDERATION**

**Proposed procurement route**

13. The contractors will be selected from the Soutwark Approved List of Contractors and as such under CSO this constitutes a pre-qualification procedure. Consequently this will be an open one stage procurement method.
14. The contractors will be selected with due consideration given to financial capability, relevant expertise and known performance, with a minimum of five invited to tender in accordance with CSO 6.
15. The contract will be under GC/Works/1(1998), with bills of quantities

**Identified risks for the procurement**

No.	Risk	Risk Level before mitigation	Mitigating Action
1	Failure to obtain clear brief for Community Centre	High	Work closely with Nunhead Voice to develop achievable Business Plan leading to design for Centre
2	Time delay to release of site to housing developer leading to delay in capital receipt	Medium	Ensure that programme is continuously monitored and milestones achieved

**Key non/key decisions**

16. This report deals with a non key decision.

17. The subsequent Gateway 2 Report will be a key decision.

**Policy implications**

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

**Procurement project plan (Non Key decisions)**

Activity	Complete by:
DCRB/CCRB Review Gateway 1:	23/09/2013
Approval of Gateway 1: Procurement strategy report	30/09/2013
Completion of tender documentation	23/09/2013
Completion of compilation of applicants from Approved List	04/10/2013
Invitation to tender	11/10/2013
Closing date for return of tenders	15/11/2013
Completion of any clarification interviews	22/11/2013
Completion of evaluation of tenders	29/11/2013
DCRB/CCRB Review Gateway 2: Contract award report	09/12/2013
Notification of forthcoming decision	29/11/2013
Approval of Gateway 2: Contract Award Report	16/12/2013
Notification of implementation of Gateway 2 decision	24/12/2013
Contract award	06/01/2014
Contract start	06/01/2014
Initial Contract completion date	11/08/2014

**TUPE/Pensions implications**

19. Not applicable

**Development of the tender documentation**

20. The specification will be developed by the Project Architect in consultation with the local community and residents. Conditions of Contract will be the council's Standard amendments to GCWorks\1. Other documentation will be the council's standard forms for works contracts. Any project specific amendments, if required, will be incorporated after consultation with Southwark Legal Services.

**Advertising the contract**

21. The tender list will be derived from the Approved List of Contractors (CSO 5.3).
22. Two contractors will be nominated following discussion between officers and representatives of the lead consultant. These contractors will be on the Approved

List.

23. A further three contractors will be assigned by rotation from the Approved List.

#### **Evaluation**

24. The selection will be 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
25. The project quantity surveyor will analyse and evaluate the tenders on a financial basis. The tender sum quoted in each returned compliant tender will be 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
26. The quality submissions will be assessed by the project manager in Southwark Property, the members of the Design Team and the Quantity Surveyor.
27. The tenderers will be asked to provide a written submission in response to specific questions as stated in the Invitation to Tender.
28. The tenderers will be invited to discuss and present their proposals and respond to any points of clarification from the tender submission.
29. The meeting will not be scored as part of the overall quality evaluation.
30. The response to each question will be marked using the council's scoring criteria and assessment. Minimum thresholds will be included in the quality evaluation... The scores will be moderated through discussion. The breakdown of the score and the evaluation methodology will be made clear to bidders at the time of invitation to tender
31. The combined score together with the price will be used to rank the respondents
32. A tender report will be produced by the project quantity surveyor showing the details of the evaluation of the tenders received for the contract.

#### **Community impact statement**

33. 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**

34. The Community Centre will be managed by the Trustees of Nunhead Voice as tenants of Southwark Council on a commercial basis and has therefore been designed as a highly efficient building with low running costs and maintenance.

#### **Social considerations**

35. The development of the brief in consultation with members of Nunhead Voice

and following public consultation events will allow full involvement of the voluntary and community sector

36. The council requires the London Living Wage to be included for all new contracts where best value can be demonstrated. London Living Wage would be applied to all relevant staff working directly on the contract and to any relevant staff employed as sub contractors.

**Environmental considerations**

37. Full consideration will be given to issues of environmental sustainability and the building will be designed to demonstrate best practice.
38. A BREEAM rating of 'Excellent' is targeted for the Community Centre
39. The Community Centre will have low running and maintenance costs to ensure long term sustainability
40. An environmental strategy has been developed to ensure that heat wastage is minimised, energy usage is very low and the carbon footprint for the scheme is limited.
41. The Community Centre will have an Air Source Heat Pump as a source of renewable energy

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

42. The overall project will be managed by the project manager, property services, on behalf of chief executive's department. The contract will be monitored by the lead consultant, AOC Limited as contract project manager
43. Meetings with the representatives from Nunhead Voice and the contractor will be held at key project milestones, e.g. at award of contract, sign-off of contractor's design, start on site, and at regular intervals until handover.
44. Following formal approval of the relevant Gateway 2 Report to award the contract the project board will delegate authority to the project manager to spend up to an appropriate allocation within the total project budget of £825,000. Any expenditure or commitment to spend outside of this budget or change in the project scope will require the approval of the project executive.
45. Monthly staged payments will be made to the contractor following certification by the contractor project manager of valuations submitted by the contractor for works completed on site.

**Staffing/procurement implications**

46. There will be no additional staffing requirements as a result of this proposal

**Financial implications**

47. In February 2010, the then executive in agreeing the 10 year capital programme earmarked a capital funding of £600,000 to meet the cost of construction of a community centre on Nunhead Green Early Years site

- 48. In October 2007 Nunhead and Peckham Rye Community Council approved £50,000 from the 2007/08 Cleaner Greener Safer programme and a further £100,000 from the 2008/09 programme at their meeting in July 2008 making a total grant of £150,000.
- 49. The director of regeneration has allocated a further sum of £75,000 from regeneration reserves to cover the cost of development and inflation since the project was initiated.
- 50. The funding for the professional fees and surveys will also be allocated from regeneration reserves. However, in order to progress the scheme the allocation from Cleaner, Greener, Safer budget has been utilised to fund the expenses incurred so far.

**Consultation**

- 51. Consultation is on-going with Nunhead Voice and the Nunhead and Peckham Rye Youth Community Council in order to assist in defining the Brief and determining the scope of works
- 52. The scheme has been subject to the planning process and the planning application was approved on 3 September 2013.

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

**Head of Procurement**

- 53. The estimated value of the contract falls below the EU threshold for works and therefore a formal procurement concurrent is not required.

**Director of Legal Services**

- 54. The estimated value of the contract falls below the EU threshold for works and therefore a formal legal concurrent is not required.

**Strategic Director of Finance and Corporate Services (CED/MD/13/02)**

- 55. The financial implications in paragraphs 43 to 46 above have been noted. There is funding of £600,000 for this project in the capital programme, along with a further £150,000 to be funded from the Cleaner, Greener, Safer budget. It has been agreed by the Head of Regeneration that the additional costs of the project will be funded from Regeneration Reserves

**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 4/10/13

Designation .....

## BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 2 Contract Award for architectural services to AOC Associates	Project Delivery Team, , Chief Executive Division, Tooley Street	Susan Fuller, X 55037

## APPENDICES

No	Title
None	

## AUDIT TRAIL

<b>Lead Officer</b>	Sam Fowler, Project Delivery Team	
<b>Report Author</b>	Susan Fuller, Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	3 October 2013	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Procurement	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	N/A	N/A
<b>Cabinet Member</b>	N/A	N/A
<b>Date final report sent to Constitutional Team</b>		N/A

**CONTRACTS REGISTER ENTRY FORM – GATEWAY 1**

Contract Name	New Community Centre on Nunhead Early Years site, Nunhead SE15
Contract Description	Works contract to construct a new Community Centre on Nunhead Early Years site, Nunhead SE15
Contract Type	GC/Works 1/
Lead Contract Officer (name)	Susan Fuller
Lead Contract Officer (phone number)	X 55037
Department	Regeneration & Neighbourhoods
Division	Chief Executive
Procurement Route	Tender
EU CPV Code (if applicable)	N/A
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	
Contract Total Value	
Contract Annual Value	
Contract Start Date	
Initial Term End Date	
Number of Remaining Contract Extensions	
Contract Review Date	
Revised End Date	
Comments	