

Item No.	Classification: Open	Date: 10 October 2014	Meeting Name: Strategic Director of Finance and Corporate Services
Report title:		Gateway 2 - Contract Award Approval 151 Walworth Road Phase Three – Site Preparation Works	
Ward(s) or groups affected:		Walworth	
From:		Head of Corporate Facilities Management	

RECOMMENDATIONS

1. That the strategic director of finance and corporate services approve the award of the project management contract for the 151 Walworth Road phase three site preparation works to Austin Newport in the estimated sum of £96k for a period of seven months commencing 1 November 2014.
2. That the strategic director of finance and corporate services approve the award of the works contract for the 151 Walworth Road phase three site preparation works to Standage & Co Ltd in the estimated sum of £516k for a period of seven months commencing 1 November 2014.
3. That the strategic director of finance and corporate services approve the award of the contract for on-going site scaffolding and security costs to Standage & Co Ltd in the estimated sum of £691k (£250.8k for phase three and £440k pre phase four) for a period of 15 months commencing 1 November 2014. See paragraph 27 for details.
4. That the strategic director of finance and corporate services delegate approval to the head of corporate facilities management to award further works during phase three up to a maximum value of £530k subject to agreed criteria and value for money.

BACKGROUND INFORMATION

5. On 25 March 2013 the grade 2 listed town hall building at 151 Walworth Road suffered a major fire. The site comprised the Walworth one stop shop, Cuming museum, Council chamber, offices and Newington library. The resulting damage was extensive, both from the fire itself in the roof area and subsequent water damage, both of which contributed to parts of the building suffering internal collapse. The immediate outcome was the closure of the site and where possible transfer of service provision to alternative locations.
6. Using delegated powers under CSO 4.9 the strategic director of finance and corporate services authorised corporate facilities management (CFM) to appoint the contractor Standage & Co Ltd to undertake emergency works to make the building safe in the aftermath of the fire. Due to its listed status and the historical artefacts that had been displayed and stored on site CFM also appointed Austin Newport, specialists in disaster recovery for historical buildings, as project managers.
7. On 16 July 2013 cabinet agreed a strategic vision for the rebuilding of the old town hall site. That report identified six work streams that needed to be undertaken before a

project mandate setting out the parameters for the outline design brief could be produced namely:

- The consultation report
- The existing conservation management plan for the building that identifies its significant features.
- The archaeological building recording report that provides a base line report on its condition after the fire and debris clearance.
- A more informed assessment in to the council's spatial requirements for the facilities identified in the vision.
- Full internal condition and structural survey
- More detailed information on Lend Lease's plans for the Heygate master plan phases one and two, which are immediately north of the site.

8. Project teams made up of staff from CFM, regeneration, conservation, archaeological building team and Austin Newport were formed to progress these work streams. To date the following has been completed:

Stage	Works Undertaken	Completed
Phase One	Propping strategy to stabilise the building so as to facilitate more detailed site assessments to inform decisions going forward.	October 2013
Phase Two	Installation of a temporary roof and wrap to the external facade with monoflex sheeting to make the site water tight thereby allowing the drying out process to begin, estimated to take between six to nine months.	July 2014

9. In October 2014 the strategic director of finance and corporate services formalised the approval of a gateway one procurement strategy report for the phase 3 works, namely to make the council chamber structure safe, re-instate the west wing roof elements and remove/repair damaged ceilings. That report also advised that Austin Newport would undertake additional procurement exercise(s) on behalf of the council to appoint specialist contractor(s) to undertake the ceiling works and any other identified additional works during the contract term and to this end included a recommendation seeking approval to delegate authority to award such additional contracts to the Head of Corporate Facilities Management up to a maximum value of £530k subject to agreed criteria and value for money.

10. Throughout this project the council has also been working closely with English Heritage who has advised that they are very happy with the works undertaken to date.

Procurement project plan (Key Decision)

11.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	October 2014
Formalisation Approval of Gateway 1: Procurement Strategy Report	13 October 2014
Single supplier negotiations	29 August 2014
DCRB Review Gateway 2:	11 September 2014

Activity	Completed by/Complete by:
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	29 October 2014
Approval of Gateway 2: Contract Award Report	30 October 2014
Contract award	30 October 2014
Add to Contract Register	30 October 2014
Contract start	1 November 2014
Contract completion date	31 May 2015

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

12. These contracts will deliver the following procurement outcomes:

- Allow works to be completed to a stage whereby CFM is able to hand the site back to the Regeneration Division who can then progress the rebuild project.
- Ensure the retention of project specific site knowledge.
- Ensure on-going site security

Key/Non Key decisions

13. This report deals with a key decision.

Policy implications

14. The commissioning of these services and works will facilitate CFM being able to transfer ownership of the site to colleagues in the Regeneration division to commence the rebuilding phase which in turn will support the following policies:

- Elephant and castle SDP 2012 – ‘more and improved educational, health and community facilities which meet the needs of existing and future residents’ (paragraph 3.2.7). The strategic vision for the rebuilt Walworth Town Hall will support this regeneration objective through the enhancement of the library and museum facilities.
- 2010 revised office accommodation strategy
- Library service review 2011 – commitment to retain all 12 borough libraries, of which Newington is the fifth busiest.
- Arts council report ‘Envisioning the Future’
- Upcoming cultural strategy for the borough, of which the Cuming museum is key.

Single supplier negotiation process

15. The single supplier negotiation process consisted of a series of meetings with the council's planning officer and staff from the Regeneration Division to identify the scope of works needed for phase three prior to site hand over to them, and discussions with the incumbent contractors to agree specifications, costs and form of contracts.

16. The evaluation panel was made up of members of the CFM technical team and key stakeholders. The primary purpose of the evaluation was to demonstrate best value using, where available, benchmarking/market information and to ensure both contractors ability to

deliver a robust programme of works that met the desired level of service standards within the required timeline. A quantity surveyor from Austin Newport benchmarked the prices received from Standage & Co Ltd, whilst the CFM technical team reviewed costs for Austin Newport. The council's insurance team and external insurers have also had overview of the project costs.

Plans for the transition from the old to the new contract

17. As the recommendations in this report are to award new contracts to incumbent contractors there will be minimal transition issues outside of the normal mobilisation requirements for such works.

Plans for monitoring and management of the contract

18. CFM will be responsible for monitoring and managing the contract with Austin Newport, and will also monitor the latter's management of the works contractor Standage & Co Ltd. This will include regular communication, on and off site meetings, monthly project board updates and any other requirements as deemed necessary.

Identified risks for the new contract

19.

No.	Risk	Level	Mitigating Action
1.	Risk of challenge on the use of single supplier negotiation route.	Low	Both the services and works elements for phase three of the project are below the respective EU thresholds and CFM is satisfied that the specialist nature of the services and works that continue to be required are such so as to justify the use of this procurement route.
2.	There is a delay in obtaining the requisite planning permissions for phase 3 works to commence.	Low	Applications have already been submitted and CFM will monitor progress accordingly.

Community impact statement

20. Whilst this decision has been judged to have no or a very small impact on local people and communities, the procurement outcomes will have a positive impact on the local community.

Economic considerations

21. Due to the specialist nature of the works there was no opportunity for SME/BME's to participate in this procurement on this occasion. However Standage & Co Ltd are located in the borough.

Social considerations

22. Both contractors have confirmed that their staff, and those of third parties, working on this project are paid above the London Living Wage (LLW) resulting in better customer service from operatives, increased productivity and higher quality staff.

Environmental considerations

23. CFM is liaising closely with English Heritage and the council's conservation team to ensure that all phases of the works protect the integrity of the listed status of the building and that where possible re-claimed materials are used. The application for listed building consent was approved on 1 October 2014 subject to conditions which CFM is not aware will cause a compliance issue.

Market considerations

24. Standage & Co Ltd is a privately owned company based in the borough with a regional area of activity. Austin Newport is based in Birmingham and has a national coverage area.

Staffing implications

25. None.

Financial implications

26. In response to the fire in March 2013 works began to both secure the building and prepare it for re-instatement. The original estimate for these works was £2.7m over three phases and it was agreed that this could be funded from reserves.

27. The actual costs to complete phases one and two is now expected to be confirmed at £2.3m. This report is seeking approval to award further contracts for the completion of phase three at a cost of £863k, plus a facility for further contract spend up to £530k to be awarded under delegated authority. The report also seeks approval for the award of a contract for ongoing costs estimated at £55k per month for site scaffolding and security will be incurred for period of eight months between completion of phase 3 and commencement of phase 4.

28. The overall estimated cost taking the project to phase 4 is therefore as follows:

Phase(s)	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m
One and Two	1.7	0.6		2.3
Three		1.2	0.2	1.4
Post Three - Pre Four			0.4	0.4
Total	1.7	1.8	0.6	4.1

29. As £4.1m exceeds the original estimated cost of £2.7m that was incorporated into the capital programme by £1.4m, this variance will be reported to cabinet in the quarter 2 capital monitoring report for approval.

Legal implications

30. None.

Consultation

31. All key stakeholders continue to be consulted accordingly.

Other implications or issues

32. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS (Post CCRB)

Head of Procurement

33. As the value of the contracts are below the respective EU thresholds no formal procurement concurrent is required.

Director of Legal Services


34. As the value of the contracts are below the respective EU thresholds no formal legal concurrent is required.

Strategic Director of Finance and Corporate Services (< Finance Concurrent Reference Number >)

35. As the value of the contracts are below the respective EU thresholds no formal financial concurrent is required.

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... 23-10-14

Designation STRATEGIC DIRECTOR OF FINANCE AND CORPORATE SERVICES

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
GW1 151 Walworth Road Phase Three Site Preparation Works Open	Southwark Council Finance & Corporate Services Dept Corporate Facilities Management 2nd Floor Hub 4 PO Box 64529 London SE1P 5LX	Jan.mcmahon@southwark.gov.uk

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	Matthew Hunt, Head of Corporate Facilities Management
Report Author	Jan McMahon, Head of Corporate Contracts & Contract Management
Version	Post DCRB V.2 Open Final
Dated	10.10.14
Key Decision?	Yes

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

Officer Title	Comments Sought	Comments included
Head of Procurement	No	
Director of Legal Services	No	
Strategic Director of Finance and Corporate Services	No	
Cabinet Member	N/A	
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	
Cabinet	N/A	
Date final report sent to Constitutional/Community Council/Scrutiny Team		N/A

