

Item No.	Classification: OPEN	Date: 20 April 2016	Meeting Name: Chief Executive
Report title:		Gateway 2 - Contract Award Approval Construction of Phase Two of St Mary's Churchyard Park Improvements	
Ward(s) or groups affected:		Cathedrals / Newington	
From:		Head of Regeneration North	

RECOMMENDATION

That the Chief Executive

1. Approves award of the contract to deliver construction of Phase Two of St. Mary's Park Improvements.
2. Approves award of this contract with a client contingency of 12%.

BACKGROUND INFORMATION

3. As part of the on-going regeneration of the Elephant & Castle Opportunity Area, the council's Regeneration North and Park's team are seeking to enhance existing parks and open spaces in order to bring them up to a Central London standard and to bring regeneration benefits to all of the local community.
4. St. Mary's Churchyard is located centrally within the Elephant & Castle Opportunity Area adjacent to the site of the former Elephant and Castle Leisure Centre, former London Park Hotel site, Newington Butts and southern junction. This park was significantly upgraded by the council in 2007 through a £1.2m London Development Agency funded project and has been well used since.
5. In 2010 the council's cabinet approved the decision to close and demolish the Elephant and Castle Leisure centre and redevelop the western section of this site to accommodate a new council owned leisure centre. The eastern half was disposed of to Lend Lease, the council's strategic regeneration partner.
6. One of the key outputs of the community consultation undertaken for both the Castle leisure centre and One the Elephant (OTE) developments was the need to deliver a high quality public realm scheme in the immediate surrounds of the two developments and also the need for a strong design relationship with the adjacent St. Mary's Churchyard. It was also agreed that the existing configuration of the park, in particularly the long linear children's playground, was not conducive to the orientation of the leisure centre and the One the Elephant entrances and therefore it was appropriate to consider further enhancements to the park.
7. In order to address these concerns Lend Lease appointed BCA landscape architects to lead on a site wide public realm master plan that incorporated One the Elephant, the Leisure Centre and also St. Mary's Churchyard. The resulting design work proposed a significant new layout for St. Mary's Churchyard that includes

enhancing the level of children's play equipment, interactive water features and ponds, and new park paths that will better manage the increased number of visitors walking to the leisure centre. This high level indicative master plan was submitted as part of the Leisure Centre and One the Elephant planning applications however not included within either of the planning boundaries and therefore not determined as part of the planning process.

8. In November 2012 the council secured planning consent for the new £20m leisure centre and Lend Lease also secured planning consent for their 37 storey residential tower. Construction of both of these schemes commenced mid-2013 and the transformation of the central site is now underway. The S106 agreement for the One the Elephant development secured a £300,459 contribution towards off-site recreation. This contribution has been ring fenced by the council for expenditure towards the enhancements of the St. Mary's Churchyard.
9. In March 2013 it was agreed by the St. Mary's Playground project team (consisting of members of the Regeneration North and Parks Team) that Lend Lease should continue project managing, with no management fees involved, the design and consultancy works required in order to prepare a full planning application for the St. Mary's Churchyard improvements.
10. Full planning consent was awarded for the St. Mary's Churchyard improvements in May 2014. Faculty consent for works at this former churchyard was awarded by the Diocese of Southwark in November 2014.
11. The nature of the park proposals has allowed for the improvements to be undertaken in two phases and within a programme that supports the construction and completion of both the leisure centre and One the Elephant.
12. Implementation of phase one works was completed on 2 April 2015. This involved the re-configuration and enhancement of children's playground.
13. The St. Mary's Project Team now wish to proceed with the construction of Phase Two of the St Mary's Churchyard improvements which involved the creation of interactive water features, pond and enhance park.
14. Due to the Churchyard's location adjacent to three major development sites and restricted access for construction vehicles as a result, the construction programme will begin in April 2016 on completion of works at OTE and the Castle Leisure Centre.
15. This contract is for an external contractor to deliver the construction of Phase Two of St. Mary's Park Improvements.

Procurement project plan (Key Decision)

16.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	25/02/2016
Approval of Gateway 1: Procurement Strategy Report	17/06/2015
Invitation to tender	01/10/2015

Activity	Completed by/Complete by
Closing date for return of tenders	16/11/2015
Completion of evaluation of tenders	20/01/2016
DCRB Review Gateway 2:	25/03/2016
Notification of forthcoming decision – Five clear working days	01/04/2016
Approval of Gateway 2: Contract Award Report	08/04/2016
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	18/04/2016
Contract award	20/04/2016
Add to Contract Register	20/04/2016
Contract start	25/04/2016
Contract completion date	25/08/2016

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

17. The delivery of the second phase of improvements to St. Mary's Churchyard will directly contribute to the council achieving one of its ten fairer future promises which is to bring full regeneration benefits and opportunities to all residents of Southwark. Therefore it is appropriate and crucial to procure the required services to assist the project team in delivering works to the highest standard.
18. The recommended company is an experienced landscaping contractor who will offer the skills and expertise to ensure that the completed project delivers the ambitions of the council and will provide value for money to the council.
19. This contract is essential to ensure the delivery of a high quality public open space in phase two of St Mary's Park improvements.

Key/Non Key decisions

20. This report deals with a key decision

Policy implications

21. St Mary's Park lies at the centre of the Elephant and Castle Opportunity Area for regeneration in the Mayor's London Plan (2011) and Southwark's Core Strategy 2011.
22. Southwark's Open Spaces Strategy (2013), identifies Elephant and Castle as an area of deficiency in the amount of natural green space available, with just 0.38ha per 1,000 population. Taking account of population increases expected in the area the ratio is likely to fall to 0.31ha per 1,000 population in 2026. (Southwark OSS 2013) This falls significantly short of the local planning standard to achieve 1.5ha of green space per 1,000 population.

23. The area currently also has the highest population density in the borough and the second highest proportion of housing units with no access to private open space.
24. Whilst it is recognised that the pressure to create new homes means that there are limited opportunities for the creation of new green spaces, the Open Space Strategy sets out the council's commitment to maintain and improve existing parks and open spaces to ensure that those that live and work in the borough experience the positive benefits associated with health and well-being, quality of life and cohesive communities that open spaces provide.
25. This contract will support the delivery of a significantly improved the play and recreational provision offered by this small park in Elephant and Castle and thereby allow local people to experience the benefits of neighbourhood renewal.

Tender process

26. The Gateway 1 Report for this contract established that the estimated contract sum would be below the EU threshold for works and therefore did not need to be publicly advertised.
27. In line with CSO procedures a minimum of five companies from the Council's approved list were invited to tender for this contract.
28. Whilst there is a good range of companies on the council's approved list capable of carrying out these works the current high level of demand in the construction industry and its impact on tender response rates was a key consideration.
29. To address this concern a greater number of companies than usual were contacted about the contract and the tender period was extended from five weeks to six weeks.
30. The six companies confirmed their interest in tendering for the contract and were subsequently sent invitations to tender.
31. Submissions were received from two companies.
32. The remaining four companies declined to make a submission and did not provide a reason.
33. Both tender submissions received were lower than the contract sum estimated in the Gateway 1 report for this project due to the reduced scope of the final tendered works.
34. It had become necessary to deliver enabling works to drainage and services located outside of the park boundary (within the One The Elephant Site), through a separately procured contract.

Tender evaluation

35. The tender evaluation panel consisted of the lead client officer, the landscape design consultant, quantity surveyor and Principal Park Service Development Manager.
36. Tender submissions were evaluated by the panel.

37. Tender evaluation followed the Most Economically Advantageous Tender protocol based on the price: quality ratio of 70:30 in recognition of the need to ensure the project stays within the allocated budget.
38. Tender evaluation guidelines and the scoring matrix set out in this report were included in the tender document.

Stage one - compliance

39. Tender Submissions were subject to an initial compliance check to confirm that they
- a) had been submitted on time,
 - b) were completed correctly and in full,
 - c) met all the requirements of the Invitation to Tender
40. Both tender submissions passed compliance checks.

Stage Two: Quality Evaluation

41. Tenderers were required to submit method statements as part of the quality assessment. The criteria assessed and weightings applied were:

<u>Method statement</u>	Section Weighting	Score (0-5)	Max score	Minimum pass score
1. Resources to meet the requirements of the contract Staff profile, management & staff structures, site management	12		5 x 12 60	3 x 12 36
2. Experience Previous experience construction projects, project delivery and contract management	8		5 x 8 40	3 x 8 24
3. Quality control Quality assurance & monitoring programme, staff recruitment & training	10		5 x 10 50	3 x 10 30
Total Quality Score	30		150	90

42. Responses were scored on each criteria using a 0 – 5 point range as follows:

Score	Criterion for Method Statements
0	Failed to submit a method statement or address the question in full
1	A detrimental answer - a limited answer with poor supporting evidence, which lacks clarity.
2	Answer meets some, but not all of the method statement question. In part, lacks convincing evidence and understanding of the requirement.
3	Acceptable answer to the method statement. Answer is comprehensible.
4	Above acceptable - answer demonstrates real understanding and gives much more detail to the method statement.
5	Excellent answer - gives real confidence that the statement provides much more in added value, which is realistic and achievable, and gives greater understanding than that of an acceptable response.

56. Prices were then checked and confirmed with each company and subsequently adjusted thereby ensuring that the quantities and specifications provided in the submissions were comparable.

57. The adjusted tender prices for the two companies were then scored.

Price scoring:

58. The Tenderer with the lowest price received the maximum points available. The remaining Tenderers' price was awarded a score based on the percentage difference between their price and that of the most competitive price.

59. The following methodology was applied for price comparison of the two tenders - based on the price: quality ratio of 70:30.

$$(Contractors\ Tender\ sum - Lowest\ Tender\ sum) / Lowest\ Tender\ sum = \% \text{ adjustment}$$
$$70 \text{ points} - (70 \times \% \text{ adjustment}) = Price\ Score$$

60. The price scores achieved by each company were:

- Contractor A 70.00
- Contractor B 53.10

Summary of Scores

61.

Tenderers	Quality score	Price score	Total score
Contractor A	24	70.00	94.00
Contractor B	26	53.10	79.10

62. The panel therefore considers that Contractor A submitted the most economically advantageous tender for the Council and the company has been selected as the recommended contractor.

63. The form of contract for this project is GC Works 1.

Performance bond/Parent Company Guarantee

64. A performance bond is required for this scheme, the cost of which has been included in the tender sum. A parent company guarantee is not required.

Plans for the transition from the old to the new contract

65. N/A

Plans for monitoring and management of the contract

66. The Contract shall be monitored on a day-to-day basis by the appointed Lead Consultant and Principal Designer who will report to the Lead Client Officer from the Parks Team.

67. Payment of invoices will be certified on satisfactory completion of works.

68. Progress meetings with the appointed lead consultant shall be held to monitor progress against the programme and the budget.

69. 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

70.

Risk No.	Risk Identification	Likelihood	Risk Control
1	Delays to commencement date due to late completion of works at One The Elephant or Castle Leisure Centre	Moderate	Contractors have confirmed prices for April 2016 start. 12% client contingency is recommended to offset any potential claim for delayed start after 30 April 2016.
2	Price increases due to post tender design changes resulting from the reduced scope of enabling works on adjacent OTE site.	Moderate	12% client contingency is recommended in addition to the contractors 5% included in the tender sums. QS shall review and monitor project costs, and provide monthly statements to the LCO.
3	The project is not completed within the allocated 12 week timescale.	Low	Tender submissions include outline delivery programmes confirming timescale. A pre- contract meeting will establish and agree a detailed programme of delivery. Adherence to the programme will be closely monitored through regular site meetings with the contractor and the submission of progress reports at key stages.

Community impact statement

- 71 Consultation with local stakeholders has been effective in ensuring that the design and delivery of this project addresses the needs and concerns of the local community.
- 72 Initial consultation on these improvements began in early 2012 as part of wider consultation on the new Castle Leisure centre and the One the Elephant developments
- 73 Officers considered that more specific consultation about public realm improvements around these sites was required with a particular focus on a master plan design for St Mary's Churchyard Park.
- 74 Stakeholder engagement on design proposals for the park between May 2012 and January 2014 ensured that local residents' desire for an attractive open public space with seating and enhanced playground were addressed.
- 75 Consultation with children attending local schools confirmed the need for the council to enhance the play provision in the area and the overall impact on this development will be positive for all sectors of the local community.
- 76 The development is part of a wider strategy to ensure that the needs of all sections of Southwark's diverse community continue to be met.

- 77 The design of this project has been assessed to ensure that the council meets its obligation under the Equality Act 2010, to include measures that eliminate discrimination, advance equality of opportunity and promote good community relations.
- 78 In particular the proposals will explicitly recognise the need to ensure accessibility to the facilities for disabled people.
- 79 The delivery of this project shall comply with the council's duty to minimise disadvantages suffered by people due to the following protected characteristics:
- Age
 - Gender
 - Race
 - Disability
 - Religion / Belief
 - Sexual Orientation

Sustainability considerations

- 80 The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

- 81 The promotion of local economic benefit was built into this procurement by:
- Requiring contractors to use local companies in their sub-contracting and supply chain arrangements
 - Should the successful contractor need to employ additional staff to deliver this contract, they have committed to target the local labour market

Social considerations

- 82 Compliance with the London Living Wage initiative is included within this contract in line with the council's commitment. Monitoring of this will be implemented during the works.
- 83 Work specifications set out a range of measures to minimise the negative impact of the construction work, including the requirement that vehicle drivers have completed cycle awareness training.

Environmental considerations

- 84 Where possible, materials specified in the scheme shall be obtained from sustainable sources.
- 85 Contractors are 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 on site
 - Avoidance of environmentally damaging materials
 - Protection of trees on site

- 86 This scheme seeks to ensure minimal ongoing use of resources such as water, energy and chemicals. Of particular importance will be consideration of whole-of-life costs associated with the improvement works and the implications for future maintenance.

Market considerations

- 87 A range of contractors were selected from the Council Approved List. All were selected from the 'Local' list.
- The successful tenderer is a private organisation
 - The successful tenderer has between 50 and 250 employees
 - The successful tenderer has a regional area of activity.

Staffing implications

- 88 There are no implications for staffing, as the client function will be provided by Environment and Leisure (Parks and Open Spaces) from their own resources.

Financial implications

- 89 The capital cost will likely to be incurred in 2016/17.
- 90 A contingency of 12 per cent of the contract sum is being held within the wider capital project budget to address the items identified in the project risk register.
- 91 The latest approved council's capital programme has a total provision of £5.7m for the Elephant & Castle Open Spaces project which is sufficient for the proposed estimated capital costs.
- 92 The total expenditure incurred against the capital allocation for the scheme will be monitored and reported on as part of the overall Capital Programme.
- 93 Staffing and any other costs connected with this recommendation are to be contained within existing business unit budgets.

Investment implications

- 94 N/A

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

- 95 A 2nd stage approval assessment has been undertaken and the company has a very low risk status.
- 96 The contract has been procured in line with the requirements of the council's Contract Standing Orders. Officers will instruct the Director of Legal Services (Corporate team) in connection with the preparation and execution of a formal contract to regulate these works.

Legal implications

- 97 Following successful award of the contract, a Contract Award Notice will be published via the Contracts Finder website, meeting the obligations set out in regulation 108 of the Public Contract Regulations 2015.

Consultation

- 98 This contract is being recommended following thorough and on-going consultation with internal and external stakeholders about the proposed work.
- 99 Ward Councillors and the Cabinet members for Public Health, Park and Leisure and Regeneration and New Homes, shall be kept fully informed of progress on the project.

Other implications or issues

- 100 None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

- 101 As the value of this contract does not exceed the EU threshold for these works no formal procurement concurrent is required

Director of Law and Democracy

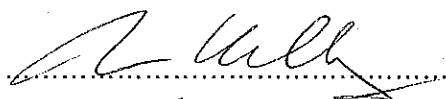
- 102 As the value of this contract is below the EU threshold for these works a formal legal concurrent is not required.

Strategic Director of Finance and Governance (CAP15/222)

- 103 This report seeks the approval of the Chief Executive to award the contract to deliver construction of Phase Two of St. Mary's Park Improvements The report also seeks approval to award this contract with a client contingency of 12% to address the items identified in the project risk register and summarised in paragraph 70.
- 104 The strategic director of finance and corporate services also notes that the capital costs associated with this contract will be fully contained within the departmental capital budget for "Elephant & Castle Open Spaces project" allocated under the council's capital programme. The total expenditure for the scheme will be monitored and reported on as part of the overall capital programme.
- 105 Staffing and any other future maintenance costs connected with this contract to be contained within existing departmental revenue budgets.

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 20/4/16

Designation Chief Executive

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Project File and background and tender documents	Public Realm Div, Parks Environment Department	Deborah McKenzie 0207 525 0870
Gateway 1 Report	Public Realm Div, Parks Environment Department	Deborah McKenzie 0207 525 0870

APPENDICES

No	Title
Appendix 1	Tender Price Comparison Report (Closed)
Appendix 2	Tender Scoring Summary (Closed)
Appendix 3	2 nd Stage Appraisal (Closed)
Appendix 4	GW1 Report (Closed)

AUDIT TRAIL

Lead Officer	Jon Abbott, Head of Regeneration North	
Report Author	Deborah McKenzie	
Version	Final	
Dated	20 April 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	No
Director of Law and Democracy	Yes	No
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	N/A	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes/No	Yes/No
Corporate Contract Review Board	N/A	N/A
Cabinet	N/A	N/A
Date final report sent to Constitutional/Community Council/Scrutiny Team	20 April 2016	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	St. Mary's Park Improvements - Phase Two
Contract Description	Construction Works
Contract Type	GC Works 1
Lead Contract Officer (name)	Deborah McKenzie
Lead Contract Officer (phone number)	020 7525 0870
Department	Environment and Leisure
Division	Public Realm
Procurement Route	Standard protocol
EU CPV Code (if appropriate)	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	25 April 2016
Initial Term End Date	25 August 2016
No. of Remaining Contract extensions	None
Contract Review Date	October 2017
Revised End Date	n/a
Comments	

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

On approval of your report by the decision maker, please forward a copy of this document to [Tracey Webb](#) in the corporate procurement team. The contract details will be recorded on the corporate contracts register and a summarised version published online.

