



## ALEXANDRA PARK AND PALACE CHARITABLE TRUST

### URGENT PANEL

7 JUNE 2021

**Report Title:** West Hall Rewire Project – Contract Award

**Report of:** Emma Dagnes, Deputy CEO, APPCT

**Purpose:** This report seeks approval to award the West Hall Rewire contract, issue a Letter of Intent above the standard allowable thresholds and to waive the relevant contract standing orders as detailed below.

**Local Government (Access to Information) Act 1985** N/A

**Reason for Urgency:** The West Hall wiring system suffered a catastrophic failure in May 2021, the impact of which means no lights can be used in the Hall, which is scheduled to host a number of high profile and commercially valuable events from September 2021.

The risk of failure was known and a procurement process for securing a specialist contractor was underway, however this process has now had to be significantly accelerated. In part due to the failure but most significantly because of COVID impacting transportation the supplier of the Lights & Controls issued an order warning last week stating any order not confirmed by 8<sup>th</sup> June would not be guaranteed for delivery until end of September.

This would significantly impact the critical path of the project and put at risk Alexandra Palace ability to hold events as scheduled from September 2021 and in turn generate much needed revenue.

#### 1. Recommendations

- 1.1. To approve the award of the West Hall Rewiring contract to Bidder 1 up to a contract sum of £789,551.40 (excluding VAT).
- 1.2. To approve the waiver of Contract Standing Order (CSO) 9.01.1 (requirement to advertise contracts above £500,000).
- 1.3. To approve the waiver of CSO 9.07.3 (letter of intent provision) under CSO 10.01.1 and authorise the Chief Executive of Alexandra Park and Palace Charitable Trust (APPCT), to issue a Letter of Intent to the contractor for a value of £490,000 (excluding VAT); to allow for orders to be placed by Tuesday 8<sup>th</sup> June and works to commence immediately prior to contract finalisation and sealing.
- 1.4. To delegate authority to the Chief Executive to agree the final terms and conclude arrangements to award the contract.

## **2. Executive Summary**

- 2.1 The Board have been regularly updated on a number of emergency capital projects including the West Hall Rewire Project and installation of lights and controls in the West Hall and Fire Alarm Detection System Upgrade, required due to failing infrastructure. Since the Board were last updated the wiring in the West Hall has failed.
- 2.2 The works are intended to be conducted while the Palace building is closed to avoid disruption to the opening programme. The window for this is challenging with Events scheduled to restart in the main Halls September 2021.
- 2.3 The Trust appointed specialist consultants to run a procurement process for the Rewire Project, who have brought to the Trust's attention that the lead in times to place orders for project materials are far greater than initially expected. Therefore, the Trust cannot wait for contracts to be agreed and signed due to the strict window of time until the next large scale event in September 2021.
- 2.4 This report seeks board approval of the recommendations above to enable the contract to be awarded and a letter of intent to be issued above the normal CSO limit of 10% (or £100k) of contract sum. This is required so orders can be urgently placed for essential parts and materials to ensure the project critical path is not impacted and the venue can open as scheduled in September.

## **3. Background and Reason for Urgency**

- 3.1 The Trustee Board were informed at its meeting on 26 January 2021 of the need to urgently address failing infrastructure matters and were informed on 29 March 2021 that the CEO had approved to waiver Contract Standing orders CSO 8.03 to appoint consultants to act on behalf of the Trust to conduct the procurement process for the West Hall Rewire project.
- 3.2 The West Hall at Alexandra Palace provides the focal point for two iconic televised events the Darts Live on Sky Sports and The Masters Snooker Live on the BBC as well as a significant space for hire and use on all other events and activities that take place at Alexandra Palace. In 2020 the Palace's Chief Engineer wrote to the DCEO formally stating that the wiring of the West Hall lighting infrastructure had deteriorated since its install in the 1980's and was a cause for concern, He considered it a realistic possibility that should the wiring fail it would not be possible for his team to resolve the problem.
- 3.3 Ridge and Partners LLP services engineers undertook an initial survey supporting the Chief Engineer's assessment of the infrastructure, some of which is no longer supported by spare parts due to the companies being out of service for over 20 years.
- 3.4 The Trust has been running the procurement process via our specialist consultants Ridge for securing a competent electrical contractor with experience of a Heritage site with significant access challenges. Ridge and Partners LLP were appointed to provide Building Services Engineering, Cost Management, Principle Designer and Contract Administration and the project procurement process has concluded up to RIBA (Royal Institute of British Architects) stage 6 - Handover and Close Out.

- 3.5 The funding for the project is provided from an emergency grant from Haringey Council and SALIX funding for the replacement of the light fittings. It should be noted that the SALIX fund requires that the project be completed and handed over no later than 24 December 2021.
- 3.6 This work cannot be commenced should the rewire works not be completed and if the Trust cannot commit to the timescales listed above funding will be withdrawn.
- 3.7 Furthermore it should be noted that the SALIX 0% loan has now been withdrawn from additional applications and the ability to reapply at a future date is no longer available.
- 3.8 The project timescales are:
- Mobilisation Period 1 week
  - Start on Site Monday 14 June 2021
  - Construction Period 12 weeks
  - Completion Date Friday 3 September 2021
- 3.9 The timelines are more critical due to the failure of the West Hall wiring in May 2021.
- 3.10 We have a finite window of time between now and mid-September to undertake the work due to events booked in for reopening post COVID. A further time sensitivity has arisen in the last few days when the supplier of the specialist light fittings notified any orders after Tuesday 8 June will have no guarantee of delivery before end of September beginning of October.
- 3.11 If the order is not placed on Tuesday 8 June the supplier cannot guarantee delivery of the specialist lights and controls until the end of September. This would have a significant impact on the critical path and put the Trading Subsidiary's ability to generate income at risk. The Trust is seeking to appoint by letter of intent on Monday 7 June to be able to instruct the contractors to immediately place the order with the specialist lighting company.

#### **4. Procurement Process / Evaluation**

- 4.1 Five specialist contractors were invited to participate in the procurement. They completed and passed the Pre-Procurement Questionnaire (PPQ) and were issued the Invitation to Tender (ITT) documents. Two contractors dropped out of the process with the remaining three contractors submitting full bids.
- 4.2 The evaluation was against a set of criteria as set out in the ITT. To ensure there was complete understanding of the Qualitative Delivery Proposals, the Panel, which consisted of Ridge and APPCT representatives raised clarifications, and these were answered at a Contractor Interview session. Individual evaluated scores were then inputted into the evaluation template by Ridge and Partners LLP, summarised in Table A below.

Table A – Quality / Price

No	Bidder	Quality(50%)	Price(50%)	Total Score
1	1	48%	47.9%	95.9%
2	2	34%	50%	84%
3	3	30%	45.2%	75.2%

- 4.2 Based on Table A, above Bidder 1 has submitted the Most Economically Advantageous Tender and therefore the recommendation is to award Bidder 1 the contract for Rewiring and Lights and Controls.
- 4.3 Ridge and Partners LLP will be providing a full evaluation report and responding in detail to unsuccessful bidders.

## **5. The Contract**

- 5.1 JCT Intermediate Building Contract \* explanation provided by JCT website

The JCT Intermediate Building Contract is designed for construction projects involving all the recognised trades and skills of the industry, where fairly detailed contract provisions are needed, but without complex building service installations or other specialist work. Intermediate Building Contracts are suitable for projects procured via the traditional or conventional method.

- 5.2 Features of projects using the Intermediate Building Contract:

- The employer is responsible for the design, and this is usually supplied to the contractor by the architect or design team working on the employer's behalf. If the appointed contractor is to be responsible for designing specific parts of the works, then an Intermediate Building Contract with contractor's design must be used.
- The employer (through its advisers) will also need to provide drawings and bills of quantities, a specification or work schedules to specify the quantity and quality of work at tender stage. When using the Intermediate Building Contract with contractor's design, the employer must also detail the requirements for the parts of the works that the contractor is responsible for designing.
- Intermediate Building Contracts are normally administered either by the architect, quantity surveyor, or a contract administrator.
- Works can be carried out in sections.

- 5.3 The contract once finalised will be sent to London Borough of Haringey Legal Team for sealing.

- 5.4 Ridge and Partners LLP are acting as Contract Administrators on this project

## **6. Funding and Value Engineering**

- 6.1 On the 28 May 2021 the Council approved funding for two emergency Capital projects (Fire Alarm and Rewire) with a total grant sum approved of £0.858m. Of which an estimated £441,000 is allocated to the Rewire Project this may change due to value engineering between the two projects but the funding sum of £0.858m is fixed.

- 6.2 The Lights & Controls for the West Hall are incorporated within the project but are funded by Salix loan which was secured in March 2021. The total loan sum is £493,421 which covers Lights & Controls for both the West Hall and the Ice Rink (which does not require Rewiring). The allocation from the Salix funding for the West Hall is estimated at £300,000.

- 6.3 During the procurement process APPCT have been made aware of the fluctuation in pricing and issues with the supply chain and materials due to COVID. Therefore, APPCT has allocated a further £100,000 contingency from its Capital allowance budget.
- 6.4 Total allocated funds £841,000 for West Hall Rewire, Controls and Lights Project.
- 6.5 Though the current sums identified are funded APPCT has requested the design team to find savings through Value Engineering these meetings will start as soon as possible an initial £100,000 target saving has been set by the Trust which the design team are confident they can achieve.

## **7. Is the decision/ action consistent with the Charity's Vision, Mission Purpose and Values?**

- 7.1 This decision is consistent with the charitable objects (mission) to repair, restore and maintain the Park and Palace for public benefit and will support our financial resilience as we re-open and resume our purpose of *enriching lives, through great experiences*.

## **8. Risks**

- 8.1 Project not completed on time, while the building is closed could be detrimental to income generation.
- 8.2 Financial sustainability of contractor - checks have been conducted on the three bidders.
- 8.3 Equity, diversity and inclusion - The actions outlined in this report have been assessed as having no adverse impact on any protected characteristics groups or any other groups.

## **9. Legal Implications**

- 9.1 Alexandra Park and Palace is held in Trust by Haringey Council and therefore the Council's contract standing orders apply.
- 9.2 Pursuant to Contract Standing Order (CSO) 10.01.1 the AP Board/ Panel has authority to approve the waiver of CSO 9.01.1 (requirement to advertise contracts valued over £500,000) on the basis set out in CSO 10.01.2.
- 9.3 Pursuant to CSO 10.01.1 the AP Board/ Panel has authority to approve the waiver of CSO 9.07.3 on the basis set out in 10.01.2 to increase the value of the letter of intent to £490,000 (excluding VAT). CSO 9.07.3 provides as follows:

*Where the provision of works, goods or services under a contract is required to commence prior to the issuance and execution of a formal contract, a Director, if satisfied that it is in the Council's best interest in the particular circumstances, may approve issuance of a Letter of Intent pending the issuance and execution of a formal contract. However, the maximum cover afforded by any Letter of Intent shall not exceed £100,000 or 10% of the total contract price, whichever is the higher value.*

9.4 Pursuant to CSO 9.07.1(d) the AP Board/ Panel has authority to award the contract which the report relates to.

9.5 The Council's Head of Legal and Governance has been consulted in the preparation of the report and sees no legal reasons preventing the AP Board/ Panel from approving the recommendations in the report.

## **10. Financial Implications**

10.1 On 28 May 2021 the Corporate Trustee approved grant funding for this project and the Fire Detection Systems Upgrade project (decision attached at Appendix 1).

10.2 The Lights and Control element of the project is funded by Salix (loan award letter attached Appendix 2).

10.3 The Council's Chief Financial Officer has been consulted on this report and advises that the Salix funding will be made available to the trust on milestone payments. Similarly, the additional funding of £0.441m made available from the Council's approved capital programme for this project will be transferred to the trust. The scheme is funded from the following sources:

Salix loan	£300,000
Contribution from annual capital grant	£100,000
Emergency capital grant	£441,000
Total	£841,000

## **11. Strategic Procurement**

11.1 The Councils' Head of Procurement has been consulted in these matters and is supportive of the recommendations stated in this report.

11.2 Contract Standing Order (CSO) 9.01.1 requires the APCCT to advertise Works contracts above £500,000; however, the time taken to procure these Works using one of the procedures stated in CSO 9.01.1 would not have enabled the Works to be completed in the timescales required. The Public Contract Regulations 2015 (PCR) do not require Works to be advertised (tendered) below £4,733,252 and therefore the procurement is outside of the PCR.

11.3 The APCCT approached five suitably qualified contractors and invited them to tender. It can therefore be assumed the APCCT has satisfied the value for money test and attempted to operate a competitive process, albeit somewhat limited to specialist contractors with previous experience of these types of Works.

- 11.4 CSO 9.07.3 caps Letters of Intent to 10% of the contract value or £100,000 whichever is the greater. CSO 101.01.1 b) allows a Director to waive any CSO with the exception of CSO 5 (EU Public Directives); therefore, it is permissible to waive the cap on Letter of Intents. Whilst this is not generally encouraged or supported by Strategic Procurement, given the need to secure materials to compete the Works; the Head of Procurement is supportive of this recommendation
- 11.5 Strategic Procurement can confirm that lead in times for materials across the construction sector have been extended considerably due to the impact of Covid and Brexit.

## **12. Use of Appendices**

Appendix 1 – Corporate Trustee Grant Approval

Appendix 2 – Salix Loan Award Letter

Exempt Appendix 3 – Tender Evaluation Overview (LGA para.3)

Exempt Appendix 4 – Letter of Intent (LGA para 3)

## **13. Background Papers**

Tender submissions and evaluation documents