



ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD

SPECIAL PANEL MEETING

TBC

Report Title: Award of Contract for Emergency Repair Works to the North East Office Building

Report of: Richard Paterson, Director of Finance and Resources

Purpose: This report sets out the procurement exercise undertaken for the Delivery Phase of the North East Office Building Emergency Repair Works project and seeks the Trustee Board's approval to award the contract, subject to the conditions set out.

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

Reason for urgency: The contract is required to commence in September 2023 as works must be completed during fair weather conditions and prior to the winter season, to prevent further deterioration. Furthermore, project funding secured from Historic England (HE) must be spent during the financial year. Tenders came in higher than expected taking the contract value above the threshold for a delegated decision by the CEO of APPCT. Tender clarification meetings and in-parallel conversations with HE resulted in the Trust taking longer than expected to reach this point. The next Trustee Board meeting is in October and would further delay these emergency works.

1. Recommendations

- i. For the Board to waive Contract Standing Order (CSO) 9.01.1 (requirement to publish an appropriate advertisement) on the grounds set out in CSO 10.01.2.(d)(ii) (it is in the Council's overall interest) and pursuant to CSO 9.07.1(d) to approve the award of contract for works to make emergency repairs to the currently derelict North East Office Building to Bidder 1 as identified in the Exempt Appendix 3 (Report On Tenders). The estimated contract value is £562,059 exc. VAT subject to the further consideration set out in Exempt Appendix 3; and receipt of final grant offer letter expected on 29th September. The contract award is conditional on funding being awarded by Historic England and works will not go ahead without it being in place.
- ii. To delegate authority to the Chief Executive of Alexandra Park & Palace to finalise the terms of the contract;
- iii. To authorise the Head of Legal and Governance (Monitoring Officer), Haringey Council, to seal the contract.

2. Executive Summary

- 2.1 The North East Office Building (NEOB) is located in the East Wing of the Palace (Appendix 1) and is in a state of dereliction, having not been used or safely accessed for a number of years. Following a site visit back in 2018, Historic England strongly encouraged the Trust to apply for a Heritage at Risk Repair Grant in order to secure some of the necessary funding required to kick-start the stabilisation and repair of the most fragile and derelict part of the Palace building. The NEOB was selected as a suitable project for this source of funding.
- 2.2 Development Phase funding was awarded and in 2019 (£17,627 from HE, £10,000 match from APPCT) a professional team was competitively procured to undertake the necessary works for a planning and listed building consent application.
- 2.3 Due to Covid, the project stalled. In 2021, conversations with Historic England were restarted, and the Trust made a refreshed funding application for the Delivery Phase in 2022.
- 2.4 In late 2022 Historic England advised that the Trust had been successful in the application, however due to market conditions, they required the Trust to undertake a competitive tender exercise to obtain prices before formally agreeing to the funding.

3. Procurement Process

- 3.1 As an unincorporated body, with the Council as the Corporate Trustee, the Trust is bound by Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. With the assistance of the Council's Procurement Service, a formal tender process began in April 2023. The specification documents are attached at Appendix 2a and Appendix 2b. A competitive two-stage tender process was undertaken. Specific firms were invited to bid based on their experience and skillset, and this list was shared and agreed with Historic England; others were able to access the opportunity also.
- 3.2 Tender timeframe:

Stage One – Selection Stage (PQQ)	
PQQ issued	30 January 2023
Deadline for returns	22 February 2023
Bidders notified of outcome	13 March 2023
Stage Two – Invitation to Tender (ITT)	
Tender docs issued	w/c 10 April 2023
Deadline for clarifications	26 May 2023
Deadline for submission	09 June 2023

3.3 Stage One

3.3.1 Identified firms were pre-advised that this opportunity was soon to be live, and on 30th Jan 2023 the relevant documents were available via Haringey's Procurement Portal (HPCS).

Other firms were able to access the opportunity also. A total of seven firms submitted a PQQ response.

3.3.2 Following a panel assessment, five firms were invited to the second stage.

3.3.3 The Evaluation Panel comprised: Louise Johnson (Head of Strategic Planning and Projects) Neil Coe (Building Surveyor) and team members from the Conservation Architects and Quantity Surveyor already appointed.

3.4 Stage Two

3.4.1 The Invitation to Tender (ITT) was sent to the five firms via the HPCS portal on 10th April 2023 with an original return date of 26th May. Due to a number of clarification requests and the impact of the three May bank holidays, it was agreed that the return date be extended to 9th June.

3.4.2 The tenders would be evaluated against 60% Quality and 40% Price and a Schedule of Works was provided for bidders to complete. Scores for price would be created by dividing the lowest price by each supplier's tendered price. The ratio would be multiplied by the price weighting (40%) to give a price score for each bidder.

3.4.3 The ITT pack also contained a JCT Intermediate Building Contract 2016 Edition (JCT IC 2016).

3.4.4 Quality would be scored on responses to five questions with different weightings:

No.	Question	Total Marks
1	<p>Alexandra Palace is an extensive Grade II Listed building, sitting within its own Conservation Area, of significant cultural and heritage importance. From the Client's experience to date on recent fabric investment works, managing the scope of works and budget on a building the age, scale and condition of Alexandra Palace will be a challenge.</p> <p>Given the significance of these factors, and the fact that the majority of the project will be financed by a finite amount of external public funding, please set out how you will ensure that North East Offices works will be delivered within the parameters of:</p> <p>a) the available budget (16 marks); and</p> <p>b) the anticipated programme (10 marks)</p>	26

No.	Question	Total Marks
2	Please set out how your team will operate and include: a) a Management and Organisation Chart detailing reporting lines and responsibilities associated with this project (13 marks) ; b) CVs of key team members detailing their role and experience that is relevant to this project (13 marks) ;	26
3	The successful contractor will be expected to work as part of the wider design and client team and will be expected to work fairly and collaboratively. Please outline how you would go about this and describe how you add value (14 marks)	14
4	Please provide details of your Site Logistics Plan, Strategy and Methodology for this project (14 marks)	14
5	How does the Principal Contractor intend to improve the social value of the area (i.e. the economic, social and environmental well-being of the area in which the services are to be provided) (20 marks)	20
		100

3.4.5 The mechanism for assessment by the individual evaluation panel members for was based on a score of zero to 5:

Score	Criterion
0	Question not answered
1	Very poor – criteria not addressed or processes not acceptable
2	Poor – missing major areas and not showing satisfactory understanding of key requirements
3	Minimum/ satisfactory – awareness of the issues – but with some reservations
4	Good – competent response, showing high level of understanding and working practices
5	Excellent – detailed understanding with a high level of understanding of the requirements, of working practices and of quality measures that provide the potential for real service provision – no reservation

3.4.6 Two bids were received and in early July the Panel met for a moderation meeting to discuss the two submissions. Both bids were over the anticipated budget, however Bidder 2 was significantly over both in terms of budget and programme (three times over anticipated budget and twice the programme length stipulated). Bidder 1, although over budget, initially scored well on quality. It was agreed that on the basis that Bidder 2's submission was unaffordable, that a clarification meeting was required with Bidder 1 only.

3.4.7 Final prices tendered:

Bidder	Tendered Price	Programme
1	738,849	18 weeks
2	1,170,364	38 weeks

3.4.8 A clarification meeting was held with Bidder 1 on 20th July to discuss clarifications the Panel had on the tender.

3.4.9 Following this session the Panel undertook a final moderation taking into account the clarifications and agreed final scores.

Contractor	QDP %	Fee %	Total
<i>Bidder 1</i>	44.44%	40.00%	84.44%
<i>Bidder 2</i>	37.20%	25.25%	62.45%

4. Contract Award

4.1 On the basis that following a competitive procurement process, Bidder 1 scored higher on both Quality and Price, it is recommend that subject to grant funding being secured, Bidder 1 is awarded the contract for the Emergency Repair Works to the North East Office Building.

5. Dialogue with Historic England

5.1 Historic England have been kept up to date with the progress of the procurement throughout. In the last month we have been discussing how the project could move forward given that the preferred bidder's price is considerably over what was anticipated. Historic England requested that the professional team discuss and identify a possible way forward. The QS, architect and structural engineer have put forward a proposal to split the work into one larger phase, and a smaller phase that could be completed at a slightly later date.

This proposal is agreeable to Historic England, in principle. The expected timetable for a final decision to be communicated to the Trust is:

- National Grants Advisory Panel (GAP) Meeting on 20th September (**GAP papers due 12th September**)
- Regional Grants Meeting on 21st September (papers due 14th September)
- If approved by Regional Meeting and GAP, provide briefing for Claudia Kenyatta (Director of Regions) for by 22nd September
- If approved, aim to get **grant offer letter out by 29th September**

6. **Risks**

6.1 Bidder 1 aren't flexible to the proposed phasing

We have yet to discuss the proposed phasing with Bidder 1. There is a risk that they may not wish to proceed given that the value of the works will be lower than what they had priced for.

6.2 Current industry challenges

The construction market is still volatile, so prices on individual elements may see changes between now and the end of the project.

6.3 Contract fails to deliver the terms of the contract

Historic England may not be able to fund the full 90% as originally envisaged. There may need to be a further conversation about the scope post grants meeting on 12th September.

6.4 Historic England Grant not approved / or grant less than the contract.

The contractors are aware that this project will not go ahead if the grant offer does not receive approval from the National Grants Advisory Panel and this was explicitly set out in the tender documents. The Trust will be working to the forecasted available budget and already has a plan to phase the works and split into two parts. Anything over and above the available budget will go into phase 2 and another funding application bid will be submitted (likely to NHLF). Additionally, there is a 10% contingency included in the HE ask (works).

7. **Legal Implications**

7.1 The Council's Head of Legal & Governance (Monitoring Officer) has been consulted in the preparation of this report.

7.2 The contract was tendered in accordance with the Council's Contract Standing Orders (CSO) which, according to the express provisions of CSO 14, apply to APPCT.

7.3 The contract value exceeds £500,000, Pursuant to CSO 9.07.1. d) the Board has authority to approve the award of the Contract referred to in the recommendations in the report. The Board has authority to waive CSO 9.01.1 (requirement to let following publication of an appropriate (tender) advertisement) on the grounds set out in CSO 10.01.2(d)(i)(ii).

7.4 The recommendation for award of the contract has been made on the basis that the recommended provider submitted the most economically advantageous tender in accordance with CSO 9.07.1a). Subject to the Strategic Procurement's confirmation that the tender process was conducted in a compliant manner, and subject to a waiver of CSO 9.01.1 being agreed, the Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Board from approving the recommendations in paragraph 1 of this report.

8. Strategic Procurement Comments

- 8.1 A form of restricted procurement process was undertaken which did not include any open advertising beyond registering the opportunity on the HPCS system which alerts already registered suppliers. This was done in anticipation that the contract value was going to be less than £500,000, which did not prove to be the case with both bids received being greater than £500,000. .
- 8.2 As the contract value exceeds £500,000, pursuant to CSO 9.07.1d) (contracts valued at £500,000 or more may only be approved by Cabinet or the Board) it is necessary to treat this award as a waiver of Contract Standing Order 9.01.1 (requirement to let following publication of an appropriate (tender) advertisement).
- 8.3 Strategic Procurement support this waiver.

9. Financial Implications

- 9.1 The tender report is provided at Exempt Appendix 3.
- 9.2 The Council's Chief Financial Officer has been consulted in the preparation of this report and has no comment.

10. Use of Appendices

Appendix 1	Location of NEOB
Appendix 2a	Pre-Qualifying Questionnaire
Appendix 2b	Invitation to Tender
Exempt Appendix 3	Tender Report

APPENDIX 1 – LOCATION OF NORTH EAST OFFICE BUILDING

