

Report to Procurement Committee on 28th February 2006

Report Title: Community Care Strategy - Osborne Grove New Build
Report of: Director of Social Services
Wards affected: Stroud Green Report for: Procurement Committee
1. Purpose 1.1 To seek Member approval for the award of the contract for the building of Osborne Grove Respite Care Home and Day Centre.
2. Introduction by Executive Member for Health and Social Services 2.1 The Osborne Grove new build is an integral part of our Community Care Strategy. It will afford greater independence and choice to older people and its services will make remaining at home a reality for many of our older residents. The respite function will also greatly benefit Haringey carers. I concur with the recommendations set out in Section 2.
3. Recommendations 3.1 Members agree to award the contract for building of Osborne Grove Respite Care Home with a contract period of 47 weeks in accordance with the recommendations in paragraph 10 and Appendix 1.10 of this report.
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4. Executive Summary

4.1 Members are asked to agree to the award of a contract for the building of a new residential respite care home for older people on the site of the old Osborne Grove home. This will allow for the development of respite care which will in turn enable vulnerable older people to remain in the community, in line with the Community Care Strategy.

5. Reasons for any change in policy or for new policy development (if applicable)

N/a

6. Local Government (Access to Information) Act 1985

6.1 The following background documents were used in the production of this report:

The Care Standards Act 2000

Community Care Strategy for Older People: 5th October 2004

Osborne Grove sustainability report.

6.2 This report contains exempt and non-exempt information. Exempt information is contained in the appendices and is **not for publication**. The exempt information is under the following categories:

- (viii) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- (ix) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.
- (x) The identity of any person offering any particular tender for a contract for the supply of goods or services.

7. Background to project

- 7.1 The Council's Community Care Strategy for Older People recommended the refurbishment of Cranwood, Broadwater Lodge and The Red House and the demolition and rebuild of Osborne Grove.
- 7.2 The existing Osborne Grove home and Drop-in Centre were demolished in September 05 under a separate contract due to the high security risks a vacant building presented.
- 7.3 The project to demolish the existing Residential Care Home and adjacent Drop-in Centre and replace with a 32 bed respite care home for older people is a larger undertaking for the council than the refurbishment works at the other homes. The development of a brief, design and tendering process extends beyond the period of the refurbishment programme. The programme for the refurbishment work to the three existing homes has been driven by the Commission for Social Care Inspection (CSCI) demand that refurbishment works commence without delay. This factor along with the consideration that the value of the new build and type of work may be more suitably placed with a larger contractor than those appropriate for the refurbishment works led to the decision to undertake a separate procurement for Osborne Grove.
- 7.4 The decision by Council Members to fund a Day Centre in addition to the new build was determined during the design period. The Day Centre will be integral to the Respite Care Home and share facilities such as hairdressers, therapy/treatment room and a shop. The Home and Day Centre are designed and tendered as one package.
- 7.5 The new home will provide 16 bedrooms for people with dementia and 16 bedrooms for people who are physically frail. Eight bedrooms are to be fully accessible for wheelchair users.

8 Tenders

- 8.1 Five contractors were selected from the Council's approved list of building contractors. These are listed in Appendix 1.1.
- 8.2 The contractors were invited to submit a tender based on a project construction programme of 37 weeks, (Tender Price A) with the option of an alternative tender price providing the opportunity for a variant construction programme (Tender Price B). Two of the tenders provided a tender A and the submissions against tender B ranged from 44-58 weeks. The lowest tender sum was submitted on the basis of a 47-week contract.

The increase in the anticipated construction programme length was discussed with the contractors at interview. The main factors influencing this programme relate to the complexity of the main sewer diversion including concerns in connection to the statutory authorities lead in periods on recent projects, the difficulties surrounding work to one of the boundary walls and the factoring in of the Christmas 2006 period.

- 8.3 Bids were evaluated on a Most Economically Advantageous Tender (MEAT) basis, with a quality: price ratio of 40%: 60%. The decision to use this ratio was based on the following factors:
- a) a recognition of the budgetary interdependency of this project with the three other projects in the Community Care Strategy (Residential), and
 - b) advice from Corporate Procurement Unit and Construction Procurement Group.
- 8.4 Contractors were asked to provide evidence in their response to a quality evaluation questionnaire. The questionnaire considered different areas relevant to the contractors' construction systems. The categories stated were:
- A Contract/ Site and Programme Management
 - B Client Liaison and Satisfaction
 - C Labour Resources and Equal Opportunities
 - D Cost Management
 - E Health and Safety
 - F Sustainability
 - G Quality
- 8.5 The tenders, received on 27th January 06, are listed in Appendix 1.2
- 8.6 The tendering records for the contractors for the six months from 27th July 05 to the receipt of tenders on 27th January 06 are listed in Appendix 1.3.

9 Evaluation

9.1 Quality Evaluation

- 9.1.1 The price/quality split places a heavy emphasis on the importance of price and therefore the considerable gap between the fourth and fifth tender price made the fifth tender untenable particularly as they also submitted the longest programme. The contractor offering the second lowest tender price was excluded from the process due to non return of a qualitative method statement which was an essential requirement of the tender process. Based on the Most Economically Advantageous Tender (MEAT) evaluation three contractors were invited to interviews held on the 7th February 06.
- 9.1.2 An evaluation panel comprising of the Construction Project Manager, Architect / Contract Administrator, Quantity Surveyor, Construction Procurement Manager and Internal Project Manager evaluated quality submissions.
- 9.1.3 Each contractor was invited to an interview consisting of 10 questions prepared by the panel. The quality submissions and the interview responses were evaluated and marked by the panel and these scores contributed up to

40% (20% written submission and 20% interview) of the collective scores for each contractor.

9.2 Price Evaluation

9.2.1 The project team comprising of Potter Raper (Cost Managers), Hazle McCormack Young (Architects) and Haringey Council's Construction Procurement evaluated the contractors' cost submissions. These scores then contributed 60% towards the collective score for the contractor.

9.2.2 The three Tenders were checked for arithmetical errors.

9.3 Summary

9.3.1 The results of the evaluation process are summarised in Appendix 1.4.

10 Project proposals

10.1 Project proposal is presented in Appendix 1.5.

10.2 The contract period for the new build project is proposed to start on the 2nd May, 2006. When the building is completed registration with CSCI will be sought. The total contract period is 47 weeks.

11 Design, supervision & scheme costs

11.1 The design, supervision and scheme costs are attached as appendix 1.6.

12 Funding

12.1 The total Community Care Strategy budget agreed by members is £5.65m. The budget for the strategy is funded partly from capital receipts of £5m from the proposed sale of two residential homes, as set out in the Council's medium term financial strategy for the capital programme. The Executive allocated the balance of £650k on 14th June 2005 from the Investment Fund in respect of building a day centre at Osborne Grove and funding furniture and equipment at all the homes. The budgets for each of the homes are set out in Appendix 1.7.

12.2 Of the total resource allocation for the Community Care Strategy, the budget allocated to Osborne Grove new build was £3.479m. The recommendation for the award of the contract at £3.479m is within the available budget. A detailed analysis of the New Build Budget is shown in Appendix 1.8. The cash flow for this project is listed as Appendix 1.9.

12.3 The budget will be monitored in detail as part of the Council's budget management process.

13 Recommendations

13.1 That Members award the contract for the Osborne Grove New Build to the contractor and in the sum both indicated in Appendix 1.10 with a 47-week

contract period as the most economically advantageous tender in delivering the required quality and specification.

14 Equal Opportunities Implications

- 14.1 The scheme has been designed to allow the Authority to meet its Statutory requirements in relation to the Care Standards Act 2000 and the Disability Discrimination Act 1995 (DDA). Building Regulations Approved Documents 2004, Part M regarding access to and use of buildings will be complied with.
- 14.2 The design of this project ensures that innovative uses of both design and colour are used to enhance the ambience of the building for all types of users.
- 14.3 The contractors have been assessed with regard to equality issues such as race relations, equal pay and the sex discrimination.

15 Health & Safety Implications

- 15.1 All contractors have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is an industry wide body. They also comply with the requirements of the Council's Health and Safety policy.
- 15.2 The Construction Design and Management Regulations 1994 apply to this project and the contractor's Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor prior to the commencement of work on site.

16 Environmental and Sustainability Issues

- 16.1 Sustainability issues have been addressed as part of the detailed design and where considered viable within the whole scheme incorporated. Issues covered in the sustainability report (available if required) are listed below, (this list is not exclusive).

Air Quality

Light

Waste Storage and recycling facilities

Mechanical and Electrical services

Land contamination and Land use

Sustainable materials

Sustainable Drainage and Water Conservation

Tree/ Landscape

Biodiversity and Ecological Heritage

Green Travel Plan

17 Comments of the Director of Finance

17.1 The Director of Finance has been consulted in detail and concurs with the content of the report and the funding arrangements as set out in paragraph 12.

18 Comments of the Head of Legal Services

18.1 The EU procurement rules are not applicable to this contract because the estimated value of the contract is less than the current works threshold of £3,611,474, as prescribed by the Public Contracts Regulations 2006.

18.2 The contract has been tendered in accordance with Contract Standing Order (CSO) 8.2(d) in that tenderers from one of the Council's Approved Lists were invited to tender.

18.3 As the contract value exceeds £250,000 the proposed award must be approved by Members according to CSO 11.3 which says that the Executive must award all contracts over this value.

18.4 The contractor indicated in Appendix 1.10 has been recommended for award of the contract on the basis that they submitted the Most Economically Advantageous tender in accordance with CSO 11.1 (b). Under CSO 11.1 an award may be made either on this basis or on the basis of the lowest price.

18.5 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation in paragraph 13 of this report.

19 Comments of the Head of Procurement

19.1 This project has been procured separately from the other Residential Care Home projects, given that it is so diverse in construction nature from the others.

19.2 The selection of the contractors has been made from the Council's approved list of contractor and selected on the basis of their capability, capacity and general suitability for the work.

19.3 In spite of tight budgetary constraints, a most economically advantageous tender exercise has been undertaken, with a sound evaluation of the quality elements on a whole life value basis.

19.4 A robust evaluation of the risks involved has resulted in an extended contract period being selected. This is good evidence of a sound procurement, which, undertaken at this stage will ensure that the variation to contracts is minimised once the contract commences.

19.5 The Head of Procurement therefore supports the recommendations made at Appendix 1 to award to the stated contractor.