

**REPORT TEMPLATE:
PROCUREMENT COMMITTEE**



Agenda item: **[No.]**

Procurement Committee

On 27th June 2007

Report Title: **Haringey Heartlands Spine Rd (Part A): Award of contract**

Forward Plan reference number (if applicable):

Report of: **Head of Highways**

Ward(s) affected: **Noel Park**

Report for: **Key Decision**

1. Purpose

- 1.1 To seek the Procurement Committee agreement to award the contract for the Haringey Heartlands Spine Road & Ancillary Works Construction to the highest ranking contractor.

2. Introduction by Executive Member

- 2.1 Approval for the construction of a new 7.3m wide road with 2m wide footways on either side between the north end of Clarendon Road N8 and the south end of Western Road N22, including the realignment of the existing road was given by the Council's Planning Application sub-committee on 22nd January 2007. After an extensive and thorough tendering process, I believe the recommended contractor's bid represents value for money and that the named contractor will deliver a high quality service.

3. Recommendations

- 3.1 That the Procurement Committee agrees to award the contract for the Haringey Heartlands Spine Road and Ancillary works, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 14 of this report.
- 3.2 That the contract be awarded in accordance with the tenders received and inclusive of 10% contingencies as detailed in Appendix D to complete the works within a period of 34 weeks.
- 3.3 That the Contract be awarded to the highest ranking contractor as detailed in the Tender results at Part B of this report following the acceptance of the Report to the Procurement Committee on June 27th 2007.

Report Authorised by: Niall Bolger , Director of Urban Environment.

Contact Officer: Harvi Mudhar, Team Leader (0208 489 5135)

4. Executive Summary

- 4.1 In accordance with the Council's procurement strategy, tenders for the highway and ancillary works for the Heartlands Spine Road were invited from a select list of highway contractors who had satisfied the PQQ questionnaire submissions.
- 4.2 Tenders have now been analysed by the Council's officers and details are included in Part B and committee are recommended to consider the details in reaching agreement for the highest ranking contractor to be awarded these works.
- 4.3 The grant funding approved by DCLG requires the works to be completed by March 2008, and the Council will need to enter into a formal agreement with the highest ranking Contractor for the execution of these works.

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 List of background documents:
Spine Road – Planning Application Committee Report dated 22nd January 2007
Contract Files- Spine Road
- 6.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972).
- 6.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 6.4 See Part B for exempt information.**

7. Background

- 7.1 The Council has received a Community Infrastructure Fund from the Department of Transport to provide a new north-south highway link through the regeneration area (Haringey Heartlands) with upgrades to existing highways and junction improvements for pedestrians and cyclists.
- 7.2 The pre-tender cost estimate for the works was estimated using existing contract rates at £2.335,000.00.

8. Budget

- 8.1 On 14th July 2006 the Council entered into a Funding Agreement with the Department of Transport for £5m for Communities Infrastructure Fund. The fund is available until 31 March 2008 and therefore the project has to be completed by then. The budget for the highway works was initially set aside at about £2.3m.

9. Description of Procurement Process

- 9.1 The bids submitted have been subjected to a detailed evaluation under the Council's agreed criteria and in compliance with Council Contract Standing Orders. The evaluation process consisted of the following stages:
- 9.2 Advert sent out for expressions of interest for the Spine Road construction contract produced 25 contractors wishing to be included in the short list for tenders to be invited, of which 16 submitted a PQQ and the analysis of the returned PQQs produced 10 contractors passing the PQQ. This list was then reduced to the 5 highest ranking contractors that would be invited to tender for the works.
- 9.3 Tenders returned were then analysed in accordance with the agreed procurement methodology and included for a three stage evaluation:
- 9.3.1 Quality (1) – Method Statement Evaluation (40% of total marks available)
 - 9.3.2 Interview – (20% of total marks available)
 - 9.3.3 Pricing Mechanism (40% of the total marks available)
- 9.4 The evaluation team included representatives from the Highways Section and Construction Procurement Group, covering procurement, sustainability and technical construction areas.
- 9.5 The scores against each of the evaluation criteria are shown at Appendix A.
- 9.6 The pricing element document of the evaluation can be seen at Appendix B. For comparison purposes, the final figure inserted by the tenderers in the form of

- tender, is slightly different to the one used for the evaluation process as the tenderers included rates for dayworks in the final figure they submitted.
- 9.7 The selection of the recommended contractor is on the basis that the recommended contractor submitted the most economically advantageous tender as allowed under Contract Standing Order (CSO 11(1)(B)).

10 Consultation

- 10.1 Full public consultation has been carried out in accordance with the Council's policies during the design of the scheme and notification will be given to the public and adjoining land owners prior the start of the works.
- 10.2 In accordance with the Planning Application procedures, consultation has also taken place with all the land owners affected as well as all the Council's directorates that are affected by the proposals.

11 Key Benefits and Risks

- 11.1 Once the road is constructed it will be adopted and will be used by cyclists, pedestrian and motorists. The construction of the road will assist in the regeneration and development of the Heartlands area.
- 11.2 The cost of the highway works will have to be carefully monitored to ensure it does not exceed the agreed budgets.

12 Contract and Performance Management

- 12.1 The Council will enter into an agreement with the highest ranking contractor to carry out the highway works as detailed in Appendix F.

13 Summary and Conclusions

- 13.1 The terms and expressions defined in the agreement with the contractor appointment provide the best course of action for the Council to follow.
- 13.2 The Contractor will be expected to provide full warranties to the Council that they will exercise all the reasonable skill, care and diligence in the agreement for the performance of the highway works.
- 13.3 The Council accepts the recommendations of the officers to appoint the highest ranking contractor to carry out the highway works.

14 Recommendations

- 14.1 That Procurement Committee agree to award the contract for Haringey Heartlands Spine Road Construction to the highest ranking contractor as detailed in the tender result at part B Appendix A/1 in the sum named in Part B Appendix B as allowed under the Contract Standing Order (CSO11).

15 Equal Opportunity Implications

- 15.1 The Council's 'Equal Opportunities' policies have been embedded into the tender specification.
- 15.2 The response to the pre-qualification questionnaires regarding the company's equalities policies were evaluated by the Council Equalities Advisor and the recommended contractor met the Council's criteria for Equal Opportunity Policies.
- 15.3 Equalities questions were further examined within the method statements submitted by the recommended contractor and within the interviews.

16 Health and Safety Implications

- 16.1 The Council's 'Health and Safety' policies have been embedded into the tender specification.
- 16.2 The response to the pre-qualification questionnaires regarding the Companies' Health & Safety policies were evaluated by the Council and the recommended contractor met the Council's criteria for Health & Safety.
- 16.3 Health & Safety questions were further examined within the method statements submitted by the recommended contractor.

17 Sustainability Implications

- 17.1 The Council's Sustainability Implications have been embedded into the tender specification.
- 17.2 The response to the pre-qualification questionnaires regarding the companies' sustainability policies were evaluated by the Council's sustainable development manager and the recommended contractor met the Council's criteria for sustainability.
- 17.3 Sustainability questions were further examined within the method statements submitted by the recommended contractor.

18 Financial Implications

- 18.1 Funding for the Scheme of £5m has been approved by DCLG with a provision that the scheme has to be completed by the end of March 2008.

19 Comments of the Director of Finance

- 19.1 The Council was successful in obtaining grant funding of £5m from the DoT for the construction of a new spine road and associated works within the Haringey Heartlands regeneration area. The funding is awarded over the two years 2006/07 and 2007/08. Spend on the project for 2006/07 was £390k, leaving a budget of £4.610m available for 2007/08. This budget sum allowed an estimated

£2.335m for the construction phase of the project. The tender being recommended for acceptance is within the budget available.

20 Comments of the Acting Head of Legal Services

- 20.1 The Council has on 14 July 2006 entered into a Funding Agreement with the Department of Transport for the construction of the new spine road. The Department is providing £5m of Community Infrastructure Fund. The purpose of this fund is for the Council to provide a new north-south highway link through the Haringey Heartlands area with upgrades to existing highways and junction improvements for pedestrians and cyclists. The fund must be spent by 31 March 2008. The construction of the spine road is dependent upon the remediation works to be carried out to land belonging to National Grid and which is the subject of a separate report.
- 20.2 The Public Contracts Regulations 2006 are not applicable as the estimated value of the contract is less than the current works threshold of the sum of £3,611,474.
- 20.3 As the contract value exceeds the sum of £250,000 the proposed award must be approved by the procurement committee pursuant to Contract Standing Order 11.3.
- 20.4 The recommendation is to award the contract to the successful Contractor on the basis that they submitted the most economically advantageous tender in accordance with Contract Standing Order 11.1(b).
- 20.5 In accordance with order 12.01 of the Contract Standing Order the contract must be in writing and by way of a document prepared by or on a basis approved by the Head of legal services.
- 20.6 The Acting Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation of this report.

21 Comments of the Head of Procurement

- 21.1 The Construction procurement Group has been closely involved with this procurement, including the evaluation of the contractors to undertake the work.
- 21.2 The contractors have been evaluated on the basis of price and quality, and the most economically advantageous bid has been selected.
- 21.3 Further, the contractors were interviewed by a panel of procurement and client officers, a process which gives a clearer picture of how they will not only undertake the construction elements of the work, but how they will manage the

project from a community perspective, engaging with the wide range of stakeholders who will be affected by the construction works.

21.4 The Head of Procurement therefore supports the recommendation at paragraph 14 of this report.