

Agenda item:

[No.]

Procurement Committee

2nd September 2008

Report Title: **Building Schools for the Future (BSF): Award of a pre-construction agreement for Young People's Centre.**

Forward Plan reference number: N/A

Report of: **Director of the Children & Young People's Service**

Wards(s) affected: **Bounds Green**

Report for: **Non Key Decision**

1. Purpose

1.1 To seek Procurement Committee approval to award a pre-construction contract, following a mini competition from the BSF Constructor Partners framework.

2. Introduction by Cabinet Member

2.1 Young People's Centre is one of the twelve schools in the Building Schools for the Future programme that has advanced to the pre-construction stage in its programme.

2.2 This project is of major significance to the school and the local community, who will all benefit from the enhanced facilities and consequential transformation.

3. Recommendations

3.1 The Procurement Committee award the preconstruction contract to the Constructor Partner in appendix 18.2

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4. Chief Financial Officer Comments

- 4.1 The Chief Financial Officer has been consulted on the preparation of this report and notes that the cost of awarding the pre-construction contract is budgeted for within the overall BSF Construction Cash Limited budget.
- 4.2 Haringey Council have agreed a protocol with PfS/DCSF that enables funding payments to continue to flow in advance of DCSF approval of the Final Business Case. Therefore, the programme can be fully funded without the need for Haringey Council to secure additional financing.

5. Head of Legal Services Comments

- 5.1 Eversheds, the external legal advisers appointed to the BSF programme, have confirmed that the Constructor Partners Framework Agreement (“the Framework”) to which this report relates has been established following the correct advertisement in accordance with the EU public procurement directive and UK regulations implementing the directive (i.e. the Public Contracts Regulations 2006).
- 5.2 On the 17th April 2007 the Cabinet Procurement Committee approved the appointment of six Construction Partners to the Framework.
- 5.3 The reports states that a mini-competition was undertaken with the six Constructor Partners, applying the scoring mechanism set out in the Framework and that, based on the outcome of the mini-competition, the most economically advantageous bid was that submitted by the Constructor Partner named in Appendix 18.2.
- 5.4 The Public Contracts Regulations 2006 allow for the selection of a contractor from a Framework Agreement for the award of a contract based on the outcome of a mini-competition held between the contractors on the Framework Agreement capable of providing the services required under that contract.
- 5.5 The Head of Legal Services confirms that Legal Services have been light-touch monitoring the work legal work undertaken by Eversheds in relation to the BSF programme and that, subject to funding, there are no legal reasons preventing Members from approving the recommendation in Paragraph 3 of this report.

6. Head of Procurement Comments

- 6.1 The selection of the contractors to compete using mini competition has been carried out in accordance with the BSF Framework Agreements for contractors.
- 6.2 The mini competition was undertaken with those contractors who are suitable to carry out the works based on a price/quality submission.
- 6.3 The price/quality evaluation was price (30%), quality assessment (70%) which included the tender written information (40%) and interview assessment (30%) and were applied in relation to the tenders received.
- 6.4 A pre-construction agreement is required to move the design stage forward with the constructor and to subsequently tender the work packages for the compilation of the Agreed Maximum Price (AMP).
- 6.5 As part of the ongoing monitoring of contractor’s on the framework a recent Dunn and Bradstreet report showed Higher than Average risk of business failure has been

received. However this has been examined by finance and finance have commented that the risk to the Council is within the normal acceptable levels and that the issue related to a mortgage on the contractors new offices. Consideration should also be given to taking out a performance bond particularly in relation to the compilation of the Agreed Maximum Price.

6.6 The Head of Procurement therefore states that the recommendations in this report will result in overall best value for the Council.

7. Local Government (Access to Information) Act 1985

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

- Haringey Council's BSF Construction Framework documentation.
- The Council's Standing Orders

7.2 This report contains exempt and non-exempt information. Exempt information is contained in the appendices and is not for publication.

7.3 The exempt information is under the following category

(identified in the amended Schedule 12A of the Local Government Act 1972):

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

8. Background

8.1 In April 2007, following an Official Journal of the European Union (OJEU) process, Haringey's Procurement Committee agreed a framework of six Constructor Partners (CP). These CPs would be used to source the twelve school projects in the BSF programme.

8.2 In May 2008 it was agreed with the Leader of the Council that, in order to give full Member involvement in the BSF Design and Build process, the pre-construction stage would be reported to Procurement Committee for approval. Subsequently the main award with an (Agreed Maximum Price) would also be presented to Procurement Committee.

8.3 All six contractors from the CP framework passed the financial criteria set to enter a mini competition for Young People's Centre. Six of the contractors accepted to tender (see Appendix 18.1), with tender opening taking place on Tuesday the 8th July 2008. For the names of the bidders see Appendix 18.1. Bidders responded with an indicative cost plan for the construction, site preliminaries and confirmed their fees to carry out the pre-construction stage of the project. The winning bidder being recommended for a contract for pre-construction services, and the opportunity to negotiate an Agreed Maximum Price.

8.4 The project for the Young People's Centre includes a new two storey classroom block and a new hall extension. The existing building is also being refurbished and remodelled to create a therapy group area, specialist

classrooms, dining area and staff accommodation. New ICT facilities will be incorporated to enhance the building ICT provision

9. Evaluation

9.1 The submission was evaluated as follows:

Price (30% of total score)

9.1.1 The Contractor that submitted the lowest bid in terms of central office overheads and profits based on the anticipated net value of construction scored 100 points. All other tenders score 100 points less 1 for every percentage that their price exceeded the lowest bid. The point score was weighted by 30%.

We are confident that the lowest bidder has the resources and financial capability to undertake the works at the YPC and relevant experience in the educational sector. Whilst some parts of the scoring matrix does not favour the lowest price bidder, they have shown within their tender submission that they are capable of working as a team and are competent to achieve the proposed design. Qualification of submitted prices was requested with confirmation received by the lowest bidder that their bid was as they wished and would stand by it. The lowest bidder will work closely with the Design Team during second stage of procurement ensuring design is maintained and costs are within the overall budget.

Quality of tender submission (40% of total score)

9.1.2 The following elements made up the quality score:

- A. Confirmation that the initial pricing response still stood and adjustment of it complied with any revised programme information.
- B. Pricing of project specific preliminary items such as:
 - Provision of tower cranes
 - Scaffolding
 - Protection
 - A separate sheet detailing fixed and time related charges was requested.
- C. Quality of the cost plan – The Council looked for comfort that the initial cost plan levels were acceptable and therefore the cost plan was judged on the amount of consideration given to produce an accurate cost plan, the amount of back up provided on a micro and macro level. The actual final price of the cost plan was not considered in the evaluation of this submission.
- D. Proposed management structure and details of any sub-consultants.

- E. CVs of the relevant individuals who will be involved day-to-day provision of the works including the on site management team and an indication of how the scheme contractor would deal with fluctuations in the workload in terms of resources.
- F. Anticipated programme – The Council looked for comfort that the initial programme durations are acceptable and a statement was asked for to confirm that.

9.1.3 The Council also looked to use the Contractors' knowledge and experience; innovative alternative programme solutions were welcomed and reflected in the score for this part of the tender submission.

9.1.4 Scores were awarded for each of the categories above and then the total was weighted at 40%.

Interview (30% of total score)

9.1.5 The Contractor Partners interviews were held on Thursday the 17th July 2008 at Haringey's Civic Centre, representatives from Haringey's Construction Procurement Group, Potter Raper Partnership, Watkins Gray International LLP (Design Team Partner), the Construction Project Manager and Young People's Centre attended.

9.1.6 Each of the six Contractors who submitted a tender was interviewed. The personnel who would be working on the project were asked to present against three key criteria decided by the schools and their proposed logistics statement. A panel individually scored each response and the average score weighted by 30%.

The three criteria were as follows:

- A. Whilst pupils will be off site during the works, would you be willing to discuss ways in which your skills and expertise could contribute to students' learning experience during the construction period?
- B. How will you ensure a good relationship with the ICT providers to ensure that your work fits in with their expectations and vice versa?
- C. How do you intend to keep the site secure and eliminate trespassing and/or vandalism during the works?

9.2 Each Contractor Partner was scored out of 20 points, up to 10 points were allocated to the explanation of their logistics statement; up to 5 points were allocated for the Key Criteria Questions and up to 5 points were allocated to each of the responses to three questions raised by the school.

9.3 The table in Exempt Appendices 18.1 shows the outcome of the evaluation.

- 9.4 Pre-construction services will include pre-construction design, change control management, supply chain management / works package tendering with full cost management, value engineering, open book accounting, quality assurance, setting up web based document management system, pre construction management , knowledge sharing / innovation, progress meetings, sustainability workshops, method statements, procurement of surveys, procurement of material samples insurances, warranties and bonds.;
- 9.5 Although this is a generic list of services to be provided by the Contractor Partner, these services are covered by the Pre Construction Sum and many/all will be used to allow the Contractor Partner to build up their Agreed Maximum Price (AMP). The services to be undertaken by the Contractor Partner will only be known once the Contractor Partner is in receipt of the Council's Requirements.

10. Conclusion

- 10.1. The formal contract award is expected to take place in March 2009, at which point the pre-construction agreement will be superseded.

The Evaluation Matrix shows the contractors' scores in each category and their overall score (in bold).

11. Sustainability:

- 11.1 The design for the Young People's Centre is currently over the 1000m² of new build and will have to comply with the requirement for the London Plan. The design will therefore incorporate renewables in order to reduce CO₂ emissions by 20%. Currently the design incorporates Solar thermal panels, which will be used to provide heating of the domestic hot water. However, this will not contribute to the full 20% and the design team are looking at alternatives. These are being developed within the Design Stage D report.

The scheme currently addresses roof and wall insulation in order to improve the U-values for the building. There will be installation of new efficient heating and lighting system throughout the school, replacing existing inefficient installations. The school building will be naturally ventilated throughout, with only specific areas (such as ICT suite) being supplied with additional mechanical ventilation/comfort cooling.

12. Financial Implications

- 12.1 The fee (see 18.2) for the pre-construction contract for the Young Peoples Centre BSF Project is budgeted within the overall Construction Cash Limited Budget of £5,165,391.00. The pre-construction element of this project forms an integral part of the overall project budget, and therefore allows for the main contract to be let in due course.

- 12.2 As the Young Peoples Centre project is subject to an overall cash limit of £5,165,391.00, commitment of the fee for pre-construction costs at this stage reduces the overall sum available for the main construction contract. The overall project cost plan prepared by Potter Raper Partnership based on fees incurred to date, pre-construction costs and projected main construction contract can be delivered within the Cash Limited Budget, based on plans at this point in time.

13 Legal Implications – Comments Provided by Eversheds

13.1 The BSF Framework Agreements with the Construction Partners were established following the correct advertisement in accordance with EC procurement directives and regulations.

13.2 The framework incorporates a mechanism in order to score call offs and mini competitions.

13.3 The scoring matrix compiled for this mini competition was carried out by Haringey's Construction Procurement Group with the assistance of other professional advisers set out in paragraph 9.1.5 of this report.

14 Equalities Implications

14.1 The new build elements of the Young People project are being designed to be fully accessible to all levels of physical ability.

15 Consultation

15.1 The designs have been made available throughout the process, for resident drop in sessions, school parents and school governors review days, school council assemblies and information has been posted through the doors of local residents and is available on line for viewing.

15.2 Full consultation has been undertaken as part of the BSF Stage approvals; this had included consultation with Partnership for Schools, CABE, Council planners and building control, the Fire Officer and the Police (Secured by Design).

15.3 Further consultation will take place as part of the planning application process, which has recently started.

16. Recommendation

16.1 The Procurement Committee award the preconstruction contract to the Constructor Partner in appendix 18.2.

17. Use of Appendices / Tables / Photographs

17.1 Evaluation Matrix (18.1)

17.2 Recommended contractor and sum (18.2)

17.3 Construction awards to date (18.3)