

Report for: Leader Signing

Item number: 4

Title: Woodside House Refurbishment – Construction Contract Award

Report

Authorised by: Lyn Garner, Strategic Director of Regeneration, Planning & Development

Lead Officer: Helen Cross, Project Manager, Project Delivery Team

Ward(s) affected: Wood Green

Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

- 1.1. This report requests approval to award a contract for construction works to be undertaken at Woodside House as allowed under CSO 9.07.1(d).
- 1.2. This paper seeks approval to award the contract to T&B (Contractors) Ltd for Construction works in the amount of £2,359,251.00 for a contract period of 26 weeks.
- 1.3. In addition, if Cabinet sees fit to approve the award of the contract and pursuant to CSO 9.06.3, approval is also requested to instruct Haringey Council's Legal Services to issue a Letter of Intent permitting orders to be raised by T&B (Contractors) Ltd with their supply chain; up to and not exceeding 10% of the contract sum whilst formal works contracts are being prepared.

2. Cabinet Member Introduction

- 2.1. The refurbishment of Woodside House, a Council-owned property in the heart of Wood Green, will provide a great asset for the Council in the Wood Green area and enable the public functions to operate in a fit for purpose building.
- 2.2. The refurbishment will create suitable modern and fully accessible office space for the Registrars Services, the Mayor's Parlour and democratic services such as committees or Citizenship ceremonies as well as some multi-purpose space and areas for public use.

3. Recommendations

- 3.1. To appoint T&B (Contractors) Ltd in the amount of £2,359,251.00 for a contract period of 26 weeks pursuant to CSO 9.06.1(d).

3.2. To approve the issuance of a Letter of Intent not exceeding 10% of the contract sum pursuant to CSO 9.07.3.

4. Reasons for decision

4.1. To award a contract which will enable the timely mobilisation and refurbishment works to Woodside House which aims to provide modern, fit for purpose and fully accessible accommodation that better serves the needs of its future occupants including the Registrars Service, Mayor's Parlour and Democratic Services.

4.2. The works will allow for the wedding and citizenship ceremonies to be conducted in upgraded surroundings and improve the appeal of the service for public use. There is also the opportunity for increased revenue for the council by also holding conferences and events managed by Haringey Council.

4.3. The investment into Woodside House is necessary to contribute to the regeneration plans of the Borough and will provide a permanent home for the Registrars service and most democratic meetings. Therefore this solution is value for money as we will retain a Council asset and ensure that it is future-proofed.

5. Alternative options considered

5.1. A do nothing option is not considered appropriate. A do nothing option would not offer the opportunity for the refurbishment of Woodside House to create modern facilities to better meet the needs of members and create fit for purpose accommodation for the Registrars services.

5.2. Eight contractors were invited to tender from the LCP Major Works Framework (Lot 5) and therefore considered to undertake the required construction works. The tenderers proposals were evaluated using a 40% quality and 60% price weighting and on this basis the recommended contractor is deemed to be the most economically advantageous tender representing the best value option to deliver the required works.

6. Background information

6.1. In May 2016 the Council set up the Future Ways of Working programme to act as an enabler for council services to deliver the corporate plan and priorities as they pursue a better way to deliver services to the public. The programme has two main work streams: 'Place' and 'Enabling' covering three areas 'People', 'Process' and 'Technology'.

- 6.2 Woodside House, a council owned property, has been identified as the building to accommodate the Committee Rooms, the Mayor's Parlour and the Registrars Services. It has also been proposed to use the second floor as a business continuity office space for the Wood Green area.
- 6.3 In order for the refurbishment and adaptations work to take place at Woodside House a procurement exercise is required to appoint a main contractor. This paper relates to contract award for a construction contractor to undertake the phase two works package.
- 6.4 Following discussions with Strategic Procurement a soft market testing exercise was undertaken in March 2017 using the London Construction Programme Major Works Framework (LCP Framework Agreement).
- 6.5 Following the soft market testing exercise all eight companies were invited to tender for the construction works as identified in the tender documents drafted by project's design team. The tender was assessed on the basis of 40% quality and 60% price. Three companies returned tenders.
- 6.6 The Qualitative Delivery Proposals (QDPs) were independently evaluated against pre-determined scoring criteria by three assessors. The independent scores and averaged scores are summarised in section 6.8 of this report. The minimum quality score threshold was 24% out of 40%.
- 6.7 The following summarises the outcome of the tender evaluation and clarification process for all the contractors invited to tender:
- 6.7.1 Contractor A scored a total of 80.04% comprising a score of 28.00% for quality and 52.04% for price.
 - 6.7.2 Contractor B scored a total of 80.80% comprising a score of 20.80% for quality and 60.00% for price.
 - 6.7.3 Contractor C (T&B (Contractors) Ltd) scored a total of 87.26% comprising a score of 28.00% for quality and 59.26% for price.
- 6.8 T&B (Contractors) Ltd scored the highest with a total of 87.26%, ranking second for price and joint first for quality and is therefore the recommended contractor to carry out the required works.

7. Contribution to strategic outcomes

- 7.1. The outcomes of this project relate principally to the Corporate Plan Priority 4: Drive growth and employment from which everyone can benefit.
- 7.2. The refurbishment of Woodside House seeks to meet the strategic outcomes by supporting investment into the community. The successful contractor will endeavour to use local labour and is required to employ one work experience

(aged 14-18), one pre-apprenticeship placement (aged 19+) and one full apprentice for the Woodside House project. This is listed in the LCP requirements and confirmed in the recommended contractor's tender return.

7.3. The utilisation of Woodside House by the Registrars service as a venue to be hired will generate income for the Borough. This income can then be reinvested into the community.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Finance

8.1.1. The total cost of the refurbishment of Woodside House is £3.544m, covering the cost of construction works and related ancillary project costs.

8.1.2. The original budget for the scheme is set out below:

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Total |
|-----------------|---------|---------|---------|---------|-------|
| Original Budget | 150 | 450 | 1,000 | 1,400 | 3,000 |
| Spend | 58 | | | | 58 |
| C/f | | 92 | | | 92 |
| Revised Budget | | 542 | 1,000 | 1,400 | 2,942 |

8.1.3 The original budget of £2.9m was an estimated cost for the delivery of the scheme in 2015. Throughout the feasibility study it was discovered that there were unknown condition issues that required addressing in order to bring the building up to standard. In addition the building is locally listed status and therefore consideration has been taken to ensure the refurbishment is sympathetic to this status.

8.1.4 The scheme as presented for approval now has a cost attached of £3,544k, an increase of £544k or 18%. To accommodate the increased cost an allocation from the approved capital programme contingency of £394k was approved by the Capital Board in July. In addition the Corporate Landlord has contributed £150k. The new budget is set out below:

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | Total |
|----------|---------|---------|---------|---------|-------|
| Spend to | 58 | | | | 58 |

| | | | | | |
|-----------------------|----|-------|-------|-------|-------|
| date | | | | | |
| Revised Budget | | 542 | 1,000 | 1,400 | 2,942 |
| Corporate Contingency | | 394 | | | 394 |
| Corporate Landlord | | 150 | | | 150 |
| | | | | | |
| New Budget | 58 | 1,086 | 1,000 | 1,400 | 3,544 |

8.1.5 As this is a refurbishment project a contingency is considered prudent and £307k (10%) has been allowed for. The contingency will need to be closely managed and only released to the cost of unforeseen events. To the extent that the contingency is not used, the balance will be returned to the approved capital programme contingency.

8.1.6 The scheme being presented for approval has a a cash flow that differs from that assumed when the capital programme was approved. It is stated in paragraph 3.1 the contract period is for 26 weeks (a challenging programme) which means that there will be a greater cash outflow when compared to the budgeted cash flow. The anticipated cash flows are £2.9m in 2017/18 and £0.6m in 2018/19. This impact can be managed within the Council's day-to-day treasury management activities.

8.2. Strategic Procurement

8.2.1. Strategic Procurement confirms that the project was procured by undertaking a mini-competition under the LCP Framework Agreement.

8.2.2. Strategic procurement notes that the ITT submissions were evaluated according to the selection criteria of a quality (40%) / price (60%) basis.

8.2.3. Strategic procurement acknowledges that T&B (Contractors) Limited achieved QDP of 59.26% and a Pricing score of 28.00%, making a total score of 87.26% which is the top ranked score.

8.2.4. Strategic procurement has no objection to appoint T&B (Contractors) Ltd to the amount of £2,359,251.00 for a contract period of 26 weeks pursuant to CSO 9.07.1(d).

8.2.5 Futhermore, Strategic Procurment has no objection to the issuance of a Letter of Intent not exceeding 10% of the contract sum pursuant to CSO 9.07.3.

8.3. Legal

8.3.1. The Assistant Director of Corporate Governance notes the contents of the report.

8.3.2. The contract which this report relates to was procured by undertaking a mini-competition under the LCP Framework Agreement.

- 8.3.3. The LCP Framework Agreement was established in accordance with EU procurement legislation. The terms of the LCP Framework Agreement provide for contracts to be awarded by undertaking a mini-competition.
- 8.3.4. Pursuant to CSO 9.07.1(d), the Cabinet has power to approve a contract if the value of the contract is £500,000 and above.
- 8.3.5. 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 may pursuant to CSO 9.07.3 issue a Letter of Intent not exceeding 10% of the contract sum.
- 8.3.6. This is a key decision and the Service has confirmed that it has been included on the Forward Plan.
- 8.3.7. The Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

8.4. Equality

- 8.4.1. The Council has a public sector equality duty under the Equality Act (2010) to have due regard to the need to:
- a) tackle discrimination, harassment and victimisation based upon the protected characteristics
 - b) advance equality of opportunity between people who share those protected characteristics and people who do not;
 - c) foster good relations between people who share those characteristics and people who do not.

The protected characteristics are age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.4.2. An equality impact assessment (EqIA) has been completed which highlights the measures taken to ensure that the new location is accessible for service users and employees who have impairments and disabilities, It also highlights the engagement process with members and officers on accessibility.
- 8.4.3. In addition to this, the new space will allow use to foster good relations by providing new and modernised civic space for Council meetings, marriages, civil partnerships and citizenship ceremonies.

9. Use of Appendices

- 9.1. Appendix A - Equalities Impact Assessment
- 9.2. Appendix B – Project cash flow breakdown

10. Local Government (Access to Information) Act 1985

10.1. This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972): Information relating to financial or business affairs of any particular person (including the authority holding that information).