

Report to Cabinet

28 January 2016

By the Cabinet Member for Waste, Recycling and
Cleaving

&

the Cabinet Member for Finance and Assets



Horsham
District
Council

DECISION REQUIRED

Main Report: Not exempt

Appendix 2: Exempt – not for publication under
Paragraph 3 of Part 1 of schedule 12A to the Local
Government Act 1972.

Appointment of Building Contractor – Hop Oast

Executive Summary

On 26 March 2015 the Cabinet approved the redevelopment of the waste depot at Hop Oast. The necessary budget was approved by Council on 29 April 2015. The project has now reached the stage where it is necessary to appoint a building contractor to undertake the development.

The professional team advised that the most suitable form of contract for this project would be a two stage design and build contract, where a contractor is brought into the team at an early stage to help develop the design and to agree the most appropriate methodology for phasing the work in order to minimise the impact on the operational service, which is critical to a successful outcome. At this stage, the contractor's financial bid is for their preliminary costs and their overheads and profit. The quantity surveyor's cost plan was disclosed to them as part of the tender documents for them to consider whether it is achievable.

The final fixed price will be obtained when the design development has been completed and the majority of the various sub-contractor packages have been tendered. At that point, Cabinet approval will be sought for a fixed price and the contract placed.

Procurement options for selecting a contractor were through a traditional tender or a framework agreement. The framework route is considered to be the most appropriate for this project and the Sussex Cluster Contractor Framework was chosen as the most suitable framework, as it includes contractors of the appropriate size and with the track record to competently undertake the proposed construction works.

The framework requires a two stage tender process. The first stage was to obtain expressions of interest and the second stage was a mini competition among those firms who completed the first stage. For the first stage, 7 companies were approached and 4 indicated that they were interested. Tenders were sought from these 4 companies and all 4 provided quotations. The cost and quality elements of the tenders were marked and the final results were as follows:

- Company B 89.77%
- Company A 87.58%
- Company C 72.00%
- Company D 56.82%

The panel agreed that these scores accurately reflected their conclusions and that Company B should be selected as contractors for the proposed project.

Recommendations

- i) It is recommended to approve the tender received from Company B as identified in the attached exempt Appendix 2 and to proceed to formal appointment.

Reasons for Recommendations

- i) To appoint a contractor to undertake the redevelopment of the Hop Oast Depot.

Background Papers

Cabinet Report dated 26th March 2015: Hop Oast Depot Replacement.
Referred to Council, 29th April 2015: Hop Oast Depot Replacement
Appendix 2- EXEMPT – Analysis of tenders

Consultation Southwater Ward Members, Southwater Parish Council

Wards affected All

Contact: Brian Elliott Property and Facilities Manager

Background Information

1 Introduction and Background

- 1.1 The Council has agreed to redevelop Hop Oast Depot in order to bring the facility up to date, to remove Health and Safety risks, consolidate two depots onto one site and to provide a facility that will accommodate the expected future growth of the District.
- 1.2 A contractor is required to build the project.
- 1.3 The objective of the procurement process is to identify a contractor who has the appropriate experience to undertake a project of this nature at a competitive price.

2 Relevant Council Policy

- 2.1 The Council is committed to ensuring that the most appropriate contractors are selected for the project at an appropriate price.

3 Details

- 3.1 Due consideration was given to the most appropriate method of procurement.

There were two options;

- (a) to undertake a local tender or;
- (b) to use a framework agreement.

The decision was taken to use a framework, for the following reasons:

- Simpler quicker and reduced risk procurement
- Reduced claims and conflict
- Early supplier involvement
- Compliance with Government Construction Strategy

- 3.2 The Sussex Cluster Contractor framework was identified as the most suitable for this project as it included contractors who have a track record of delivering similar projects. The mechanism is a mini competition for which the charges and rates that the contractors offer are the set framework fees and rates.
- 3.3 An Expression of Interest document was prepared which was sent to all contractors on the framework, who either accepted or declined. A project brief document was circulated with scoring and evaluation criteria.
- 3.4 The framework and mini competition process ensures the appointment of a contractor who has the right experience and capability to deliver the project and that the tendered price is fair value, although it may not necessarily be the cheapest in the market.

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- 3.5 Four of the seven firms on the framework expressed interest and all provided tender submissions. The financial element and the written submissions and interviews were scored. The results of the process are set in exempt Appendix 2.
- 3.6 The panel agreed that the results accurately reflected their conclusions from the interviews and that Company B should be selected and appointed as contractors for the proposed project.

4 Next steps

- 4.1 Following approval to award the contracts, there will be a mandatory legal 10 day “standstill” period as required by the Public Contract Regulations, to allow unsuccessful tenderers time to request feedback and scrutinise the award process. Once this has passed without incident, the appointment can be ratified and legal formalities concluded.

5 Outcome of Consultations

- 5.1 The comments of the Director of Corporate Resources, the Council Solicitor/ Monitoring Officer and the Director of Community Services (Project Sponsor) are incorporated in this report.

6 Other Courses of Action Considered but Rejected

This is a straightforward choice between an open tender process and a framework process.

7 Financial consequences

The projected costs are in line with the forecast for total development costs. The budget for this project is £4.55m.

8 Legal consequences

Statutory background

- 8.1 Government policy promotes the use of framework agreements to obtain a blend of quality of service and good value.

9 Staffing Consequences

- 9.1 There are no staffing implications from agreeing this recommendation.

10 Risk

- 10.1 The framework option is generally considered to be a lower risk procurement strategy as the contractor’s performance will be measured by the Framework as well as by HDC.

Appendix 1

Consequences of the Proposed Action

<p>(A)How will the proposal help to reduce Crime and Disorder?</p>	<p>The new depot will incorporate secure by design recommendations</p>
<p>(B)How will the proposal help to promote Human Rights?</p>	<p>There are no specific human rights implications arising from this report.</p>
<p>(C)What is the impact of the proposal on Equality and Diversity?</p>	<p>There are no specific equality implications arising out of the proposal however the new building will incorporate equality and diversity design recommendations.</p>
<p>(D)How will the proposal help to promote Sustainability?</p>	<p>The building will incorporate a number of sustainability initiatives and will be a significant upgrade on existing facilities</p>

Appendix 2: Exempt- Analysis of Tenders

