

Report to Cabinet

12th January 2017

By the Cabinet Member for Leisure and Culture
&

By the Cabinet Member for Finance and Assets

DECISION REQUIRED



**Horsham
District
Council**

Main report not exempt

Appendix 1 – Exempt under Paragraph 3 of Part 1 of
Schedule 12A to the Local Government Act 1972

Appointment of Building Contractor – Broadbridge Heath Construction of Leisure Centre

Executive Summary

On 23rd November 2015 Cabinet approved the redevelopment of the leisure centre at Broadbridge Heath. The necessary budget was approved by Council on 9th December 2015. The design phase of the project has been completed and this report deals with the appointment of the building contractor for the construction of the leisure centre.

The value of the contract exceeds the EU procurement threshold of £4.1m. The works were therefore procured via the Official Journal of the European Union (OJEU). The works were tendered via the OJEU Competitive Negotiation route

After undertaking a market testing exercise, the Council's professional team recommended selecting a contractor through a single stage design and build route. Tender documents were developed and a Pre-Qualification Questionnaire (PQQ) was prepared to seek expressions of interest from contractors.

In total, nine bidders submitted a PQQ response and five were successfully taken forward to the Invitation to Tender stage.

Bidders were asked to provide a price for the construction of the new leisure centre and demolition of the old one and to provide a series of answers to questions which were evaluated as the quality element of the process.

Of the five contractors selected for ITT stage, 3 declined to bid, leaving two contractors in a head to head competitive situation. The details of the two contractors are included in Appendix 1 (Exempt).

The evaluation process use a 60/40 quality/price split assessment, to ensure a blend between an assessment of the quality of the project and a competitive price. The cost and quality elements of the tenders were marked and the final results were as follows:

- Company A 99%
- Company B 87%

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

Recommendations

That the Cabinet is recommended:

- i) To approve the tender received from Company A, as identified in the attached exempt Appendix 1 and to proceed to formal appointment.
- ii) To delegate authority to the Director of Community Services to enter into the contract for the appointment of Company A.
- iii) To grant delegated authority to the Director of Community Services to agree the final contract sum.

Reasons for Recommendations

- i) To appoint a contractor to undertake the construction of the Leisure Centre

Background Papers

Cabinet Report dated 23rd November 2015: Proposals for the Redevelopment of Broadbridge Heath Leisure Centre
Referred to Council, 9th December 2015: Proposals for the Redevelopment of Broadbridge Heath Leisure Centre
Appendix 1- EXEMPT – Analysis of tenders

Wards affected All

Contact: Brian Elliott Property and Facilities Manager

Background Information

1 Introduction and Background

- 1.1 The Council has agreed to develop a new Leisure Centre at Broadbridge Heath to provide a facility that will accommodate the expected future growth of the District.
- 1.2 A contractor is required to construct the new leisure centre.
- 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 an OJEU tender process or;
- (b) To use a framework agreement.

Following market research, the decision was taken to undertake an OJEU tender process with a single stage design and build tender. The market research revealed that there were sufficient contractors interested in bidding on this basis, which traditionally secures the most competitive prices.

- 3.3 A Pre-Qualification Questionnaire (PQQ) was prepared, which was advertised to secure expressions of interest. Nine bidders submitted PQQ documentation and five of these were taken forward to Invitation to Tender (ITT) stage as they were identified as contractors that have the relevant experience for the construction of a building of this scale and type.
- 3.4 Of the five contractors who were invited to tender at ITT, two contractors submitted tenders and three withdrew from the process. The two contractors who submitted bids are detailed in Appendix 1 (exempt).
- 3.5 The ITT process required the evaluation of two aspects of each contractor's bid; these were quality and price, with the quality element accounting for 60% of the final score and price 40%. The objective of weighting the evaluation 60/40 quality/price was to ensure that the contractor's experience and capability were given due weight and importance. This is a departure from the Council's normal procurement policy of 70/30 price/quality and a procurement exemption was secured.

- 3.6 A review of the priced submissions was undertaken by the Council’s external Quantity Surveyors and a number of clarifications were sought and final adjusted figures were obtained, which can be compared on an equal like for like basis.
- 3.7 The prices obtained from the contractors are set out in Appendix 1 (exempt).
- 3.8 The quality element was evaluated, taking into consideration the experience of the personnel to be engaged on the project, the phasing and sequencing of the project delivery, how the contractor would work in partnership with the Council and other stakeholders and social initiatives that would be undertaken by the contractors. The percentage allocation to each element was as follows:
- | | |
|--|-----------|
| Personnel | 15% |
| Phasing, sequencing and project delivery | 25% |
| Stakeholder management | 15% |
| Social initiatives | <u>5%</u> |
| Total available | 60% |
- 3.9 The quality element was evaluated by a panel comprising the Lead Project Manager, the Project Manager, the Procurement Manager at Horsham District Council and the Property and Facilities Manager at Horsham District Council.
- 3.10 The quality results were moderated by the panel and are shown in Appendix 1 (exempt).
- 3.11 The panel agreed that the results accurately reflected their conclusions from the interviews and that Company A should be recommended for selection and appointment 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 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 This recommendation has not been considered at formal meetings of the relevant PDAGs because of the time constraint imposed by the requirement for an urgent business Cabinet Decision. However a draft report has been circulated to members of both the Finance and Assets PDAG and Leisure and Culture PDAG and any views and comments from PDAG members will be verbally reported at the Cabinet meeting when the item is considered.
- 5.2 Comments from the Director of Corporate Resources and Monitoring Officer are incorporated in this report.
- 5.3 There are no staffing issues that are impacted by this decision.

6 Other Courses of Action Considered but Rejected

- 6.1 This is a normal OJEU tender process. A framework was considered but rejected as the quantity surveyor advised that a better price should be achieved by following a tender process.

7 Resource Consequences

- 7.1 The tender costs are higher than the budget forecast for total development costs, which is £9m. The tender price will be adjusted before a contract is entered into to take advantage of value engineering savings. This is where minor changes to the design or changes to the fabric or proposed materials has been suggested to reduce cost, without compromising the new facility. This has been undertaken to ensure that the project is within budget. The quantum of the value engineering savings is set out in Appendix 1 (Exempt).
- 7.2 There are no HR consequences in relation to this decision.

8 Legal Consequences

- 8.1 The Council is obliged to undertake a process that conforms with the Council's procurement code and to achieve a balance quality and price.
- 8.2 The Council complied with OJEU rules, which applied in this instance.

9 Risk Assessment

- 9.1 All building contracts contain an element of risk. A process of due diligence has been undertaken to assess risk and also a contingency sum has been included within the overall cost budget to accommodate any unforeseen risks that may become apparent when the contract starts on site.
- 9.2 A detailed project risk register has been prepared and has been regularly updated as the project has progressed.

10 Other Considerations

- 10.1 The social impact of the contractor was considered as part of the evaluation process.