

Part A Report

For General Release	
REPORT TO:	Cabinet Member for Homes, Regeneration and Planning And: Cabinet Member for Finance and Treasury
AGENDA ITEM:	Background paper to Item 11 Cabinet 14.12.15
SUBJECT:	Connected Croydon - London Road (Section C) Public Realm Improvement Works
LEAD OFFICER:	Jo Negrini, Executive Director for Place
CABINET MEMBER:	Cllr Simon Hall, Cabinet Member for Finance & Treasury <i>And:</i> Cllr Alison Butler, Cabinet Member for Homes, Regeneration and Planning
WARDS:	Broad Green
CORPORATE PRIORITY/POLICY CONTEXT: Connected Croydon is a £52m programme of coordinated public realm projects and transport improvements that will transform Croydon Metropolitan Centre into a more walkable and liveable place. The recommendation is in accordance with the Council's strategic priorities, as expressed in the Croydon Promise and will address the following priorities: <ul style="list-style-type: none">• An Enterprising City• A Sustainable City	
AMBITIOUS FOR CROYDON & WHY WE ARE DOING THIS: London Road (Section C) Public Realm Improvement Works are part of the High Streets project, a component of the Council's Connected Croydon Programme delivering key outputs stated the GLA's Mayor's Regeneration Fund. The projects within the programme have been approved individually as they have become ready for implementation.	
FINANCIAL IMPACT SUMMARY: Approval of this recommendation to enter into a contract to deliver construction works services for Section C of the London Road Public Realm Improvement will commit the sum of £1,152,607 (£983,607 contract sum plus £169,000 ancillary costs) from the capital programme. All funding is secured and there are no revenue consequences as a result of this recommendation.	
KEY DECISION REFERENCE NO.: N/A - This is not a Key Decision	

1. RECOMMENDATIONS

The Leader of the Council has delegated to the Cabinet Member for Homes, Regeneration and Planning in consultation with the Cabinet Member for Finance and Treasury the authority to make the decision set out in the recommendation below.

- 1.1 The Cabinet Member for Homes, Regeneration and Planning in consultation with the Cabinet Member for Finance and Treasury is recommended to:
Approve the award of a construction contract for the London Road (Section C) Public Realm Improvements project to TG Ram Ltd in the contract sum of £983,607

2. EXECUTIVE SUMMARY

- 2.1 The public realm improvement works that are the subject of this report form the third (and last) phase of the London Road Public Realm Improvement Project. The first phase, Section A, was completed in May 2015, the second phase, Section B, started on site in September 2015 and the third phase is scheduled to start on site in January 2016.
- 2.2 On the 22nd October 2015, the Contracts and Commissioning Board agreed the procurement strategy agreeing under Regulation 3, an exception to the Councils Tenders and Contracts Regulations to seek a single source tender from the incumbent contractor, already engaged in delivering the London Road Section B works, with a view to directly awarding them the Section C Works Contract . CCB Ref: CCB1060/15-16.
- 2.3 The report recommends that since the single-source tender has met the desired outcomes stated in the procurement strategy, a contract should be awarded.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
10 December 2015	CCB1070/15-16

3 DETAIL

- 3.1 The procurement strategy to invite a single source tender was agreed by the Contracts and Commissioning Board on 22 October 2015. The invitee was to be TG Ram Ltd who, in July 2015, submitted the most economically advantageous tender for the construction of Section B of London Road's public realm improvements. Using the London Tenders Portal, a tender priced according to a detailed specification was invited no later than midday on 25th

November 2015. A tender was received by that deadline in accordance with the Tender Instructions.

- 3.2 The pre-tender estimate of the contract value was £992,890. This estimate was prepared on the basis of the RIBA Stage 4 detailed design and costing exercises undertaken by the Council's consultants Project Centre and Mott McDonald respectively.
- 3.3 TG Ram Ltd submitted a tender in the sum of £983,607. This was found to be arithmetically correct and without qualification. Since the rates for the items of work in this tender are consistent with the rates TG Ram provided in their successful submission to a competitive tender and evaluation process in July 2015 for the Section B works, and they are below the pre-tender estimate, there is evidence that the Council has again secured best value.
- 3.4 The tenderer's financial stability has been approved in respect of the additional value of works that will form the contract that will be entered into subject to approval of the recommendations.

4. CUSTOMER IMPACT AND CONSULTATION

- 4.1 The impact of these works will cause disruption to traffic flows and parking/loading within the immediate area between January and July 2016. To mitigate disruption, the following strategies are being implemented:
 - A traffic management plan prepared by the contractor will be published in the public domain on the Council's website in advance of the works commencing;
 - An effective communications plan will ensure that stakeholders receive timely information and updates
 - A logistics plan will be routinely monitored and updated through the life of the project.
- 4.2 Once complete, the improvements will add to the quality of life for residents and visitors and will add to the commercial viability of business units in this part of London Road:

5 FINANCIAL AND RISK ASSESSEMENT CONSIDERATIONS

5.1 Revenue and Capital Consequences of Report Recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
Capital Budget available	2,438	962	0	0
Expenditure to date	992	-	0	0
Expenditure already committed	1,081	226		
Effect of decision from report	365	720	0	0
Remaining budget	0	16	0	0

5.2 Contract cost and Effect of the Decision:

The award of contract for the Works will commit a sum of £983,607.21 from the capital budget. In entering a contract to construct Section C, the Council will also be committed to incur an estimated £169k in ancillary costs relating to secondary contracts and contract management, the effect of which is included in Table 5.1 under “effect of decision from report”.

5.3 Risks:

- 5.3.1 The contract will be a re-measurement, not a fixed-price contract. If errors or omissions in the works information provided by the Council, or post-contract changes made by the Council result in the contractor incurring additional costs then the Council is obliged to pay those costs. The financial impact of these risks should they occur are estimated as being containable within the project contingency.
- 5.3.2 Although the project is majority-funded by the Mayor’s Regeneration Fund, it is a condition of funding that all risks after the award of construction contract are carried by the Council. Any overspend, therefore, would have to be met by the Council. As £16k of the budget will remain uncommitted (see Table 5.1 above), this risk is to be mitigated by using this as a contingency sum. Additionally, some value engineering will be required and whilst not yet in contract, TG Ram Ltd have offered to analyse the design and specification to identify where they could propose savings in labour, plant or materials that could be passed on to the Council.

5.4 Future Savings / Efficiencies:

There are no direct financial savings or efficiencies arising from implementing the recommendations of this report. Whilst contract award would not directly contribute savings against the Council’s 10% target, the scheme has been

subjected to extensive value-engineering, re-scoping and supply-chain management to minimise the future cost of repairing and renewing the works

Approved by: Dianne Ellender, Head of Finance & Deputy S151 Officer

6 COMMENTS OF THE COUNCIL SOLICITOR

The Council Solicitor comments that the procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999.

Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer

7 HUMAN RESOURCES IMPACT

There are no direct HR implications in this Award.

Approved by: Adrian Prescod, HR Business Partner, on behalf of the Director of Human Resources

8 EQUALITIES ANALYSIS

8.1 The detailed aspects of the entire High Streets project have been screened by the external design team and by the Council's Mobility Officer in accordance with the requirements of an Equality Impact Assessment (EQIA). Their recommendations, relating principally to compliance with the DfT's mobility guidance, have been incorporated in to the design.

8.2 The EQIA will continue to be updated during construction and prior to scheme completion.

9 ENVIRONMENTAL IMPACT

9.1 The proposals for London Road (Section C) Public Realm Improvement project have been carefully developed to ensure a positive environmental and design impact.

9.2 The main environmental impacts / benefits of the wider project include:

- Improved walking and cycling facilities for all people
- Increased public transport use by improving access to the bus stops.
- Enhanced biodiversity through additional planting.
- Minimization of carbon footprint in terms of new construction and on-going maintenance activities.

9.3 The proposed contract will promote:

- The sustainable management of construction waste re-use of materials on site.
- The use of sustainable / recycled material.

- Reduction of waste generated and reuse of materials.

10 CRIME AND DISORDER REDUCTION IMPACT

10.1 Whilst there are no direct crime and disorder consequences of this proposal, the creation of a sense of place that these public realm enhancements will deliver is designed to increase community pride, leading to less crime and fewer incidents of anti-social behaviour.

11 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The procurement strategy set out the benefits that the Council would accrue were the contractor who was awarded the contract to construct Section B of London Road to submit a similar offer for Section C. Analysis of the tender received for Section C has demonstrated that the commercial and qualitative aspects are commensurate with those of the winning tender for Section B. This evidences that the tender submitted for Section C offers value for money.

12 ANY OPTIONS CONSIDERED AND REJECTED

12.1 As the bid that was received was compliant and deemed to offer value for money, no further options were considered.

CONTACT OFFICER:

Name:	Paul Forrester
Post title:	Senior Project Manager
Telephone number:	x60041

BACKGROUND PAPERS

None