

For Publication

REPORT TO:	Cabinet Member for Environment, Transport and Regeneration (Job Share)
SUBJECT:	Crosfield House Refurbishment Project
LEAD OFFICER:	Kirsteen Roe Director of District Centres and Regeneration
CABINET MEMBER:	Councillor Paul Scott Cabinet Member for Environment, Transport and Regeneration (Job Share) in consultation Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	Purley

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

The project is aligned with Croydon's Independence strategic outcome to help people from all communities to live longer and healthier lives. It will contribute to delivering an enhanced health and social care services providing better personal experience for people using the services and achieving a deepened health and social care integration.

The report is aligned with the delivery of 'Ambitious for Croydon' outcomes:

- Creating growth in the economy,
- Helping residents be as independent as possible,

The project is in-line with the Corporate Plan for Croydon 2018-2022 Outcome:

People live long, healthy, happy and independent lives

This development will enable the delivery of the following objectives:

1. An enhanced integrated health and social care service.
2. Ability to surrender the existing site at Boulogne road, which will generate a receipt to the Council.
3. Expansion of the Council provision of community equipment service.
4. Enables wider trading opportunities and commercial viability.
5. Enables co-location with NHS services.

The Community Equipment Service's Business Plan aims to upscale its core business over the next five years, creating a profitable business thereby providing social and financial benefits to Croydon Council. Key business objectives include the following:

1. Further growth across South London, implementing two new full service contracts on behalf of other local authorities.
2. Further growth of the Integrated Procurement Hub (IPH), implementing three new public sector partnerships to the IPH in year one, then two further new agreements per year thereafter.
3. Further growth and development of the retail business, including the establishment of a successful retail outlet and online shopping platform for equipment in year one. Then launching two new websites per year with other local authority partners thereafter.

Development of wider opportunities including telecare, telehealth, wheelchair and continence services.

FINANCIAL IMPACT

In accordance with the Invitation to tender reference 764/2018 Crosfield House Refurbishment Works, the outcome of this procurement and spend for professional services indicates a maximum expenditure budget of £2,600,000 over the next 18 months (including 12 months defects liability period).

FORWARD PLAN KEY DECISION REFERENCE NO.: 0319ETR

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Members for Environment, Transport and Regeneration (Job Share) (Ref: 10/19 Cabinet meeting 21st January 2019) the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Environment, Transport and Regeneration (Job Share) in consultation with Cabinet Member for Finance and Resources is recommended by the Contracts and Commissioning Board to approve the award of contract in accordance with Regulation 27(c) of the Council's Contracts and Tenders Regulations for the Crosfield House Refurbishment Works to Bidder A for a contract term of 18 months for a maximum contract value stated in Part B of the report.
- 1.2 The Cabinet Member for Environment, Transport and Regeneration (Job Share) and the Cabinet Member for Finance & Resources is asked to note that the name of the successful supplier and price will be released once the contract award is approved.

2. EXECUTIVE SUMMARY

- 2.1 This project is part of a previously agreed strategy (Ref: CCB1442/18-19), whereby the endorsed procurement strategy was to invite a minimum of 5 suppliers to tender for the works.
- 2.2 This report seeks approval of the award of contract for refurbishment works for Crosfield House by delegation from the Leader to the Cabinet Member for Environment, Transport and Regeneration by 22nd March 2019 due to short project timescales.
- 2.3 The refurbishment work is due to commence at the end of March 2019 and end at the end of September 2019 to allow the Community Equipment Service to move to the Crosfield House Property in September 2019.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
22/03/2019	CCB1467/18-19

3. DETAIL

- 3.1 The Crosfield House Redevelopment will enable the Community Equipment Services (CES) currently based at a council asset in Boulogne Road to relocate to Crosfield House. The CES provides clinical assessment and medical equipment to adults and children with disability and medical needs. The relocation to Crosfield House will allow the CES to grow their trading activities to generate further incremental profit of £954,000 over the next five years and extend their services to house Croydon's Independent Living Centre and Wheelchair Services. As a result of the relocation of the CES, the existing site at Boulogne road will be surrendered to the GLA for housing development which will in turn generate a capital receipt to the Council.

Procurement Process

Stage One: Invitation to Tender

- 3.2 The procurement process commenced during December 2018, whereby five potential Bidders were invited to tender via the Council's e-tendering portal for the refurbishment works. The tender deadline was extended by 1 week and ended on Friday 8th February. 5 submissions were received.

Evaluation

- 3.3 Following receipt of the final Tender submissions and the outcome of the tender compliance checks, the members of the Evaluation Team proceeded with the assessments of the qualitative and pricing responses. In accordance with the

Council's Tender and Contract regulations, the responses were evaluated in alignment with the pre-determined award criteria as per following:

Table 1: Quality & Price Award Criteria

Question	Tier Two Weightings	Total Tier One Weightings
Q1 Programme of Works	10%	Quality 40%
Q2 Management Structure and Resources	10%	
Q3 Site Plan and Management	5%	
Q4 Health and Safety	5%	
Q5 Contract Management	5%	
Q6 Social Value	3%	
Q7 PSP	2%	
Price	60%	Price 60%

- 3.4 The tender responses were evaluated in accordance with the pre-determined scoring allocation criteria as shown via the Table below:

Table 2: ITT Scoring Allocation Criteria.

Score	Rating	Score Allocation Criteria
5	Excellent	Exceeds the requirement. Exceptional demonstration by the tenderer of their relevant ability, understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate added value, with evidence to support the response.
4	Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the tenderer of the relevant ability, understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate added value, with evidence to support the response.
3	Acceptable	Satisfies the requirement. Demonstration by the tenderer of the relevant ability, understanding, skills, resource and quality measures provided in the method statement, with evidence to support the response.
2	Minor Reservations	Satisfies the requirement with minor reservations. Some minor reservations of the tenderer's relevant ability, understanding, skills,

		resource and quality measures provided in the method statement, with limited evidence to support the response.
1	Serious Reservations	Serious reservations of the tenderer's relevant ability, understanding, skills, resource and quality measures provided in the method statement, with little or no evidence to support the response. In accordance with the ITT instructions, an allocation of a score less than 2 will subject the Tenderer's submission being rejected in its entirety.
0	Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the tenderer has the ability, understanding, skills, resource and quality measure, with little or no evidence to support the response. In accordance with the ITT instructions, an allocation of a score less than 2 will subject the Tenderer's submission being rejected in its entirety.

3.5 A minimum qualitative scoring threshold for all written method statements was applied except for the method statement question 7 relating to the Premier Supplier Programme, whereby a scoring allocation of less than two (2) would subject the respective Bidder's tender submission being rejected in its entirety.

3.6 Following the outcome of the moderation meeting scheduled on 12th February 2019, whereby the members of the evaluation team assessed the tender responses and a consensus score allocation and feedback were agreed as shown via Table 3 below.

Table 3: Overview of the Quality Evaluation Outcome.

Tier Two Award Criteria	Weighting	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E
Q1 Programme of Works	10%	8.00%	6.00%	4.00%	4.00%	4.00%
Q2 Management Structure and Resources	10%	6.00%	6.00%	4.00%	4.00%	4.00%
Q3 Site Plan and Management	5%	3.00%	4.00%	3.00%	2.00%	2.00%
Q4 Health and Safety	5%	3.00%	4.00%	2.00%	2.00%	2.00%
Q5 Contract Management	5%	3.00%	3.00%	2.00%	3.00%	1.00%
Q6 Social Value	3%	1.80%	1.80%	1.80%	1.20%	1.20%
Q7 PSP	2%	2.00%	0.00%	0.00%	0.00%	0.00%

Total Qualitative Score.	40%	26.80%	24.80%	16.80%	16.20%	14.20%
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3.7 In accordance with the original ITT instructions, the Bidders were required to achieve a minimum score of 2 in its qualitative tender response. Should a method statement response be allocated with a score less than two, then its entire tender submission will be rejected.

3.8 The 2 bidders failed to achieve the minimum score on 2 separate qualitative questions, reasons for their scores is detailed in Part B of this report.

3.9 Following the outcome of the qualitative assessment, the evaluation panel then proceeded with the evaluation of the pricing submission

3.10 The total fixed price is evaluated on the following basis;

$$\frac{\text{Lowest submitted Tender Price}}{\text{Bidder's submitted Tender Price}} \times 60(\%)$$

3.11 The tender submission for price is outlined in Part B.

3.12 The combined Quality/Price award scores are outlined in the table below.

Table 7: Overview of the Combined Quality/Price result.

Tier Award Criteria	One Weighting	Bidder A % Score	Bidder B % Score	Bidder C % Score	Bidder D % Score	Bidder E % Score
Total Qualitative Score.	40%	26.80%	24.80%	16.80%	16.20%	14.20%
Total Pricing Score	60%	58.82%	52.44%	56%	0%	0%
Combined Quality/Price Score.	100%	85.62%	77.24%	72.80%	16.20%	14.20%

3.13 Based on the above it is recommended that Bidder A is awarded the contract for the refurbishment works. Details are contained within part B of the report.

Contract Management

3.14 The Head of Capital Delivery for Homes and Schools, will lead the overarching strategic and commercial performance management, with support from the Commissioning and Procurement team, and Finance. The contract management arrangements will be in accordance with the Council's contract management framework, therefore monthly Tier 1 performance report will be applied.

- 3.15 Contract management including the day to day relationships and instructions will be managed by the Capital Delivery Homes and Schools team (CDHS), responsible for work instruction and allocation, budget management, performance and quality monitoring.

4. CONSULTATION

- 4.1 The contract specification was developed in consultation with the Employer's Agent (Council) Pellings LLP via the Council's existing Partnering Contract with Echelon Consultancy Ltd.
- 4.2 Internal and external engagement and consultation have been undertaken with relevant stakeholders throughout the project.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Revenue and Capital consequences of report recommendations

Please see Part B Report

5.2 The effect of the decision

Please see Part B of the Report.

Finance Comments

- 5.3 The total budget for this project is £2,600,000 for professional services and refurbishment works.
- 5.4 This contract will be funded from £2,000,000 Capital to enable the Community Equipment Service to relocate from an existing site at Boulogne Road to Crosfield industrial site (both sites are owned by the Council). This will free up the site at Boulogne Road for a new potential development of residential accommodation. The proposed construction contract over a 7 months term is estimated to be £2,000,000 according to the latest cost estimates reflected within a recent feasibility report. It is the Council's intention to ensure the ITT pack reflects an affordability cap based on the agreed allocated funding.
- 5.5 Approximately £600,000 is allocated for other project elements including professional services (Employer's Agent, Cost Consultant, Architect) which are provided by an existing partnering advisor contract with Echelon Consultancy Ltd, legal fees, planning fees and internal resources.
- 5.6 Undertaking the necessary works will enable the Community Equipment Service to grow its trading and generate further incremental profit of £954,000

over the next five years. The Council's initial capital investment will be recovered through rental payments received over the useful life of the new asset. An estimated annual rental of £148,000 is anticipated and has been reflected within the original CES business case.

5.7 Risks

The following risks have been identified and are being actively managed:

Risk	L	I	Mitigations
Programme of works takes longer than anticipated.	M	M	Contract Period reflects the programme requirements. Effective change management will ensure works are delivered within the agreed timeframe. The Contract includes Liquidated Damages for late completion.
Inability to obtain a reduction in tender submission of £300k	L	M	A review exercise has been conducted with Employers Agent Pellings to identify works that are not required for the effective delivery of the project.
Construction delays	M	M	Liquidated damages will be applied based on a day rate for the provision of a temporary modular building.

5.3 Future savings/efficiencies

During the contract term, the Council are to work with the awarded supplier to identify savings as a result of value engineering exercises.

Approved by Flora Oysiyemi, Head of Finance for Place

6. LEGAL CONSIDERATIONS

- 6.1 The Director of Law & Governance comments that there are no additional legal considerations directly arising in respect of this report.

Approved by Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no HR implications for Council employees arising from this procurement process.

8. EQUALITIES IMPACT

- 8.1 A full equality analysis will not be required due to the fact that the procurement would not have any adverse impact on protected groups compared to non-protected groups.

Approved by: Yvonne Okiyo

9. ENVIRONMENTAL IMPACT

- 9.1 CES is currently located at 28 Boulogne Road which does not provide the users with sufficient space to expand and to meet future business objectives. As such a new location is proposed at Crosfield House, 3 Imperial Way, which will comply with current building regulations and more energy efficient qualities.
- 9.2 The area surrounding the proposed site provides a good network of footways and is well facilitated with the provision of pedestrian crossings at the junction between Purley Way and Imperial Way, providing a safe environment for pedestrians.
- 9.3 The site is surrounded by a good network of cycle routes that comprises both off road cycle routes and recommended on road cycle routes. The proposed site is located in an area which has a low accessibility level by public transport with two bus routes serving the site.
- 9.4 A total of 28 parking spaces are proposed within the development site including four disabled spaces and six spaces with electric charging points (both active and passive).
- 9.5 20 cycle spaces are proposed to be provided at the new location.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no adverse Crime and Disorder impacts arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The Tender submitted by Bidder A is the Most Economically Advantageous (MEAT) as determined by the evaluation criteria:

	Bidder A % Score	Bidder B % Score	Bidder C % Score
Combined Quality/Price Score.	85.62%	77.24%	72.80%

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 In accordance with the original strategy report, a number of options were sought including in-source however, as agreed via CCB it was agreed to issue an invitation to tender exercise.
- 12.2 Following the completion of the tender evaluation process, it is recommended to award the contract to Bidder A

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BACKGROUND DOCUMENTS: None