

**For General Release**

<b>REPORT TO:</b>	<b>CABINET MEMBER FOR FINANCE &amp; RESOURCES</b>
<b>SUBJECT:</b>	<b>Supply and installation of a modular building, Stubbs Mead Depot, Factory Lane, Croydon</b>
<b>LEAD OFFICER:</b>	<b>Richard Simpson Executive Director of Resources</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b> The supply and installation of a modular building at Stubbs Mead depot meets the following Council's Corporate Priorities: <ul style="list-style-type: none"><li>• Enabling - To be innovative and enterprising in using available resources to change lives for the better</li></ul> This will be achieved through the relocation of staff to more appropriate accommodation that will support service delivery and provide a more cost-efficient location for their activities. The relocation to the depot will generate surplus space at Davis House for letting that will provide revenue income to support front line service delivery.	
<b>FINANCIAL IMPACT</b> The supply and installation of modular building at Stubbs Mead depot is critical to the asset management project "Stubbs Mead Depot Reconfiguration". The total contract award is £962k for the construction and ground works that will generate a revenue saving of £275k pa through a reduction in property running costs and an income generation at Davis House of £165k pa. Overall this will generate a net annual benefit of £440k.	
<b>KEY DECISION REFERENCE NO.:</b> N/A	

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below:

**1. RECOMMENDATIONS**

The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended to approve the award of the contract for the supply and installation of a Modular Building at Stubbs Mead Depot to Bidder A upon the terms detailed in the associated Part B report, for a contract value of £962,000.

**2. EXECUTIVE SUMMARY**

- 2.1 The purpose of this report is to outline the procurement process undertaken for the appointment of a supplier to supply and install a modular building at Stubbs Mead Depot as part of the reconfiguration of the depot site.
- 2.2 The procurement strategy was approved on 12<sup>th</sup> February 2018, reference CBB1323/17-18, 'Stubbs Mead Depot Modular Building Construction Strategy

Report.' The procurement was for a full turn key package to include design, off site construction, groundworks, transportation and onsite installation of the building.

- 2.3 The purchase and installation of the modular building is one part of a wider reconfiguration of the site that includes a revised boundary and creating clear separation between the Council's occupation and operations and the occupation and operation of the Council's environmental services contractor. This change in site occupation will significantly reduce the risk of accident and incident at the site and create clear responsibility for health and safety and employee safety.
- 2.4 The Preferred Bidder has made a commitment to offer supply chain opportunities to Croydon based businesses as part of their proposed delivery . The Preferred Bidder has made a commitment to offer a work placement opportunity to a Croydon long term job seeker and to pay for their CSCS qualification with a view to offering them a full time role with the company. These social value commitments will be contractualised upon award of contract.They have also offered a full 2% discount in line with the Premier Supply Programme consideration.
- 2.5 This report has been approved by the CCB on 25<sup>th</sup> May 2018.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
25 <sup>th</sup> May 2018	CCB1361/18-19

### **3. DETAIL**

- 3.1 The tender was run using the existing OJEU compliant (ref 2016/S 153-276812 Award Notice 10/08/2016) Hampshire County Council Southern Modular Building Framework contract which is in accordance with EU PCR 2015 and the Council's Tender and Contract regulations. The invitation to tender opportunity was issued via the Council's E-Tender portal. All firms on the framework were contacted in December 2017 as part of a soft market testing exercise and positive responses were received in acknowledgment of the Council's requirements.
- 3.2 The Southern Modular Building framework consists of 6 approved contractors who were all invited to bid as part of the mini-competition. No abnormally low submissions were received. Contractor A (Bidder A) submitted a compliant bid. The other contractors opted out, on the basis they could not meet the requirements and/or deadlines within the specification.
- 3.3 In accordance with the original strategy, the tender responses were evaluated based on the pre-determined 60% Price and 40% Quality criteria. The Bidders were required to respond to method statement questions relating to social value outcomes and Premier Supply Programme.
- 3.4 In total, one (1) compliant bid was received by the tender closing date. The bid was received from an SME who has a nationwide presence. The results of a ground penetration radar survey were received during the evaluation period which meant that reduced size building and the location needed to be changed within the boundary of the identified site, therefore to ensure that the most

accurate price possible was received, a price clarification was issued.. The outcome of this was the receipt of a reduced price submission.

- 3.5 The submission received was considered to be of a good standard and the price received was within the range expected and not considered to be abnormally high or low. The Council's appointed independent Chartered Building Surveying firm has reviewed the price submission, method statement and proposed construction materials and do not have any concerns.
- 3.6 The evaluation team was made up of the Facilities Management Building Surveyor, Facilities Management Building Services Engineer and the appointed consultant (One Consulting Group) responsible for delivering the project. The results of the evaluation process are shown below:

	<b>Bidder A</b>
Question 1 Design Management 8%	6.4%
Question 2 Project Management & Delivery 10%	8.0%
Question 3 Handover & Aftercare 5%	3.0%
Question 4 Financial Control 5%	4.0%
Question 5 Product Quality 5%	4.0%
PSP (Early Payment Discount ) 2%	2.0%
Social Value 5%	4.0%
Quality (40%)	31.4%
Price (60%)	60%
<b>Total (100%)</b>	<b>91.4%</b>

- 3.7 It is recommended that the Council appoint Bidder A as the preferred bidder for the services within this tender. The detailed technical specification and legal contract set out clearly the services that are required. The outcome of this contract will be the delivery of a modular building at Stubbs Mead depot as part of a wider re-configuration of the site.
- 3.8 Contract management – Contract administration will be delivered by the Council's appointed professional services provider Philip's Surveyors.

#### **4. CONSULTATION**

- 4.1 No consultation is required for this contract.

## 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1

### 1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
<b>Capital Budget available</b>	£1,650			
Expenditure	£100			
<b>Effect of decision from report</b>				
Expenditure	£960			
<b>Remaining budget</b>	£590			

### 2 The effect of the decision

Bidder A are being recommended for approval, they were selected by a competitive tendering exercise, submitted the lowest priced bid and are considered to offer the most economically advantageous tender for the Council.

### 3 Risks

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

Risk	Controls
Financial standing of the Contractor is inadequate to meet the needs of the service. The Contractor has inadequate financial standing and is unable to 'finance' the supply chain resulting in poor provision of service and run the risk of the Provider failing and entering 'administration' or similar.	Financial standing of the Council's partner has been checked by the framework owner as part of the original tender and deemed acceptable. Financial Health Check will be carried out internally before award of contract to ensure sound financial standing
Risk of procurement challenge relating to the proposed award of contract. Legal challenge raised by potential contractor/supplier which may subject the Council to some sanctions e.g. Termination/Invalidity of Contract/Financial penalty.	A robust and transparent process has been adopted in compliant with Public Contract Regulations.

### 4 Options

The supply and construction of this building is a critical to the reconfiguration of Stubbs Mead depot site. This project will both contribute to tangible financial

savings and a reduction in Health & Safety risk to the employees of both the Council and the environmental services contractor. A procurement exercise was required, in order to appoint a company that could supply and install the modular building unit. If this recommendation is not agreed the Council will have no provision for a modular building at the site and the project cannot be delivered.

## **5 Future savings/efficiencies**

The outcome of the tender exercise will contribute to the Stubbs Mead Depot reconfiguration project which will generate £440k per annum in Council savings and income.

- Contractual commitment to offer all supply chain opportunities to Croydon businesses
- Contractual commitment to provide one work placement at their Thurrock depot to a long-term job seeker including funding their CSCS qualification with a view to a permanent job with the company

Approved by: Felicia Wright, Finance Representative

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The Solicitor to the Council confirms that the procurement process as detailed in this report is in accordance with the requirements of the Council's Tenders & Contracts Regulations and meets the Council's duty to secure best value as provided under the Local Government Act 1999.

Approved by: Susan Hadida Lawyer on behalf of the Council Solicitor & Director of Democratic & Legal Services

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There is no TUPE impact of this award and no direct implications for LBC employees.

Approved by: Sue Moorman, Director of Human Resources

## **8. EQUALITIES IMPACT**

- 8.1 Equality considerations were taken into account as part of the requirements defined within the RfQ document (including the Terms and Conditions of Contract) whereby there is a need for the provider to be compliant with the Equality Act 2010.
- 8.2 The Equality Policy 2016 - 20 sets out the Council's commitment to equality and its ambition to create a stronger, fairer borough where no community is held back. The policy reflects the council's statutory duties under the Equality Act 2010 and is supported by the equality objectives set out in the Opportunity and Fairness Plan 2016-2020.

- 8.3 The equality objectives for 2016-20 are aligned to and will support the delivery of the Council's business outcomes set out in its Corporate Plan (See EIA report)

## **9. ENVIRONMENTAL IMPACT**

- 9.1 In accordance with the contract terms and where required, the named preferred bidder Bidder A will be required to comply with environmental legislations and regulations. There will also be a requirement to support the Council's vision and aims which will contribute to reducing Croydon's CO2 emissions.

## **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 Following the evaluation of the final tender submissions, the evaluated scores are given in the table with Bidder A recommended as offering the most economically advantageous tender.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 Bidder A having achieved the overall highest combined score of 89.42% and having submitted a compliant bid which was also the lowest priced and which met the requirements set out within the invitation to tender document, no other options were considered.
- 12.2 Bidder A has successfully demonstrated through their bid that they are capable of meeting the Council's quality and price requirements.

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### **CONTACT OFFICER:**

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<b>Post title:</b>	Head of Asset Management & Estates
<b>Telephone number:</b>	

**BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972** - None