

To: City Executive Board

Date: 9th March 2010

Item: 18

No:

Report of: Head of Business Improvement

Title of Report: Procurement of the Contractor for the new Competition Standard Swimming Pool at Blackbird Leys

Summary and Recommendations

Purpose of report: To advise the City Executive Board on the procurement route being taken to obtain tendered estimates for the new competition pool and to seek delegated authority for the Executive Director, City Services to appoint a preferred lead contractor, to obtain final tenders from sub contractors and, if required, to incur expenditure of up to £15k for pre contract works.

Key decision: No

Executive lead member: Councillor Bob Timbs

Policy Framework: Improve the local environment, economy and quality of life.

Recommendation(s): The City Executive Board is asked to -

1. grant delegated authority to the Executive Director of City Services to select an appropriate lead contractor from the Improvement and Efficiency for the South East Framework (IESE) to obtain detailed tender pricing for the construction of the competition standard pool.
2. approve expenditure of up to £15k for pre-contract work with the selected contractor to support the value engineering stage of the pool design and obtain final pricing for each element of the pool construction prior to the final report to the City Executive Board advising of the full construction costs.

NOTE: The authority to enter into a contract for the construction of the pool is not part of this recommendation. This will be subject to a further report to the City Executive Board.

There are two Appendices to this report;

Appendix 1: Timetable showing the differences between using and EU restricted tender process and the IESE framework.

Appendix 2: Risk Register

1. Background

- 1.1 The Council's officers are progressing the work on the competition standard pool project and this is now at RIBA stage D. The procurement team and the officer tender evaluation panel are in the process of tendering to select a lead contractor to obtain a fully tendered price to build the new pool.
- 1.2 The procurement route being used to select a lead building contractor is via an approved EU compliant framework which has been put in place by Hampshire County Council on behalf of all of the 74 councils in the South East.
- 1.3 This framework is recommended as the preferred tendering model for large construction contracts by the Department of Communities for Local Government. The framework is currently being used by 30 authorities with over £1 billion of projects currently being tendered through it.

2. Reason for choosing the framework for this tender

- 2.1 Due to the value of this project the Council is required to either carry out a tender process in accordance with the EU Procurement Regulations 2006 or use an EU compliant framework.
- 2.2 The competition standard pool construction is a specialist building project. The Council's Procurement Team carried out a review of the procurement options available with the Project Board prior to selecting the use of this framework.

The framework route was selected, rather than the conventional EU restricted tender route, for the following reasons;

- Time required to carry out an EU restricted tender process would mean that the pool construction might be delayed.
- Risk of a challenge by an unsuccessful bidder to an award of contract.
- The ability for the Council to understand the detailed pricing for the construction.

- This process enables the Council to ensure that local building companies and other local suppliers are provided with the opportunity to tender for suitable work packages.
 - The appointment of the lead contractor earlier in the process enables them to help with value engineering costs in the pool design.
- 2.3 This approach enables the Council to maintain tighter control on the pricing of each element of the construction and the ability to ensure that sub-contractors are able to comply with our procurement policies covering the living wage and sustainability.
- 2.4 The Council will also require the lead contractor and sub-contractors to provide information about how they will encourage the use of local labour and whether any additional training and apprenticeships might be offered.

3. The IESE Framework Process

- 3.1 The IESE framework procurement route is specifically designed so that the lead contractor is selected earlier in the project. The framework is designed in this way so that the lead contractor can provide their expertise into the final specification and assist in driving down the construction cost.
- 3.2 The Council has provided the approved suppliers on this framework with the details of the pool project thus far and have asked them to confirm whether in their view that the current design can be built within the budget parameters. The bidders have all responded positively to this. It has been made explicit in all tender documentation that the Council will be unable to fund this project if it cannot be built within the budget set.
- 3.3 The Project Board has evaluated the first stage submissions from the bidders on the framework and has selected 4 bidders to now move to stage 2 of the tender process. This will result in the Council being able to appoint a preferred bidder.
- 3.4 The Council will evaluate the tender submissions from the four bidders using the IESE evaluation matrix of price and quality. All four bidders will be required to provide detailed tender submissions which detail;
- The price for managing the construction
 - The lead construction personnel
 - How the team will manage the construction
 - Proposals for reducing carbon and managing waste during the construction and within the scheme design
 - Commitment to the Council's Living Wage Policy and increasing local jobs and training opportunities.

- 3.5 The successful bidder will then be invited to carry out value engineering work during the final design phase, assist with the final specifications for the detailed works and talk to sub-contractors before obtaining tenders for each work package.
- 3.6 During this phase there is no commitment by the Council to award a contract and bidders are all aware that any decision to award a contract for the construction will require the approval of the City Executive Board once a final price has been obtained.
- 3.7 The selected bidder may, however, incur some costs during this phase. This has been advised by IESE as being a maximum of £15k.
- 3.8 The Council has asked each of the 4 bidders whether they will take the risk of carrying out this pre-construction phase at their own risk, however, this could deter the number of bidders who submit a stage 2 tender.
- 3.9 To avoid this, the City Executive Board is asked to delegate authority for the Executive Director of City Services to make payment of up to £15k for pre-construction costs to the selected bidder if required. This will be funded from within the competition pool budget.
- 3.10 As the appointment of a preferred bidder takes place before the City Executive Board is able to receive a detailed report on the full costs of the construction the board is asked to give delegated authority to the Director of City Services to appoint the preferred bidder using the IESE framework and obtain the full costs of construction without any commitment to the bidder that a contract award will be made.

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List of background papers: Risk Register
Version number: 1.0