

To: City Executive Board
Date: 14 August 2018
Report of: Head of Housing Services
Title of Report: Award of contract for Covered Market roof replacement

Summary and recommendations	
Purpose of report:	To seek approval to place a Contract in the sum £1.3m for a rolling four year programme to replace the covered market roof coverings which have reached the end of their life. Work in connection with which includes redecoration at high level and ensuring safe access for maintenance into the future.
Key decision:	Yes
Executive Board Member:	Councillor Ed Turner
Corporate Priority:	Vibrant and sustainable economy Efficient and effective Council
Policy Framework:	None.
Recommendation: That the City Executive Board resolves to:	
1. Approve the placing of the contract to Croft Building and Conservation Ltd following the procurement of repair and refurbishment works to the Covered Market roofs in the sum of £1.3m over a four year period	

Appendices	
1	Tender evaluation and evaluation system

Introduction and background

1. As part of the ongoing maintenance of the Covered Market a programme of repairs is in place with identified and approved funding totalling £2.6m over the next four years.
2. One key piece of work is the replacement of the Covered Market roof covering which has been organised on a phased basis and is planned to take place over the next four years
3. Tenders have been sought in line with the Council's procurement policy and processes and we are now in a position to place the contract for the works.
4. The total cost of the works over the four year period is £1.3m which exceeds delegated authority levels.
5. CEB is being asked to approve the placing of this contract to allow works to proceed.

Works in the context of the Covered Market strategy

6. The future strategy of the Covered Market is currently under consideration. These works are not dependent on the longer term strategy nor do they limit any decisions in this regard.
7. It should be noted that there will be a further paper to CEB which discusses future investment in the covered market against other priorities, including the need to reconfigure a number of larger units, letting vacant units, and further need for repair and maintenance.
8. The roof however is in a poor state of repair and is vulnerable to roof leaks and occasional flooding during heavy rainfall. As a grade 2 listed building any future plans with regard to the market will not affect the structure or covering of the roof.
9. The proposed works are therefore simply those of repair and replacement of the current covering to extend and preserve the life of the building and are considered essential to maintain the integrity of the structure for the future
10. The Covered Market is a listed building and all works are being carried out in accordance with the conservation requirements. The works do not include any alterations to the existing structure apart from ensuring safe access walkways for future maintenance.

Procurement process

11. It should be noted that due to the specialist nature of the work and the fact that we are working on a listed building along with access problems, ensuring trading can continue and meeting health and safety requirements arising from this, obtaining Contractors with both the experience and the interest in this work has traditionally been very difficult.
12. The work is being done over seven phases. Phases one to three have already been successfully completed however because we now have budget for the complete works, and because of the specialist nature of the works and the size of

the project it was agreed that the remaining phased works four to seven should be tendered as one contract.

This has a number of benefits.

- a) Efficiency in the tender process avoiding the need to retender the works each financial year
- b) To achieve continuity in the contractor over the period of the works, ensuring a consistent quality of work and smooth running of the contract
- c) Obtain a more competitive price by tendering the works as one large package

13. Tenders were sought on an open tender basis through South East Business Portal. This was done as a single stage tender inviting interested contractors to complete the pricing schedule and provide case studies of similar works they had carried out along with a proposal as to how they would execute the works and the qualifications of the key staff involved in the project. These factors were used to evaluate the tenders, evaluation was based on a 60/40 split Quality/Price.

14. As a result of this evaluation Croft Building and Conservation Ltd was the highest scoring contractor.

Tender evaluation

15. Tenders were received from three contractors. With prices submitted as follows:-

- | | |
|------------------------------------|------------|
| a) Contractor A | £543,019 |
| b) Contractor B | £862,860 |
| c) Croft Building and Conservation | £1,334,042 |

16. Following the evaluation process (please see appendix 1) the winning tenderer based on 60% Quality and 40% Costs was Croft Building and Conservation despite the fact that they were significantly more expensive than the other two tenderers.

17. Croft Building and Conservation were the only contractor deemed to have provided sufficient information to provide reassurance that they understood the works and were able to commit the correct resources to successfully complete the project

18. This decision was based on the tender evaluation process of considering quality as well as cost. Both Supplier B & C received very low scores for quality for the reasons outlined below and were not considered capable of dealing with such a sensitive building.

19. Below is more detail on the specific questions and responses from the unsuccessful contractor's submissions.

Background of the Company

20. Supplier B

Mainly gave details of School extensions and new build, no details of historic or more complicated projects

21. Supplier C

Advised roofing specialist and experience of new and refurbishment.

Question 1 – Case studies

Please provide TWO case studies detailing current Contracts (within last 5 years) of a similar nature or previous experience to include: Overview of the Contract – project brief; Value of Contract (£); Duration period of Contract/experience;

22. Supplier B

Responded with two case studies, one a new build extension for a school and one re-trussing a single storey school – both with one paragraph of project brief and nothing that addressed the hi-lighted sections above which was considered as a major concern.

23. Supplier C

Responded with two case studies, one a slate tile renewal to a unlisted basic building, one cladding a new steel trussed school extensions again nothing that addressed the hi-lighted sections above which was considered as a major concern.

Question 2 – Contractors experience and qualifications

Please provide CV's of the Team who will be delivering the services, highlighting specific qualifications/experience applicable to this Contract.

Supplier B

Responded with very basic details of the Managing Director, Commercial Manager, Contracts Supervisor and Works Supervisor - no relevant experience highlighted and nothing to identify the contract lead and why they had been chosen.

24. Supplier C

Responded with one sentence for two contracts managers – again no relevant experience highlighted and nothing to identify the contract lead and why they had been chosen.

Pricing

Croft		Supplier A		Supplier B
£1,334,042.00		£543,019.00		£862,860.00

25. It can be seen from the above table that there is a very big difference in the costs. However the quality scores of contractors A and B were so low that Croft was still the winner based on the value for money score of 60% Quality and 40% Prices

26. From the total inadequacy of the submissions from contractors A and B it was evident to the evaluation panel that they had not understood the brief. In addition the prices submitted by both contractors were much lower than our estimated tender price which was based on procurement of past phases and our experience during

the execution of those works which uncovered a number of additional works and complexities of dealing with an historic structure. The latest specification included the additional works discovered in the past phases, however it was felt by the evaluation panel that neither contractor A or B had sufficiently taken this into account and that they would not be able to satisfactorily complete the works for the price they had stated.

27. It was for these reasons that we did not approach them for further clarification or information. It was further considered that to accept either of these tenders would give rise to unacceptable risks in terms of the ability to complete the work, the quality of the finished product, the safe execution of the works and the need to control variations and price rises during the contract as the contractors discovered the true nature of the works.

Consideration of Croft Building Conservation tender

28. In considering whether or not the Croft Building Conservation tender represented value for money, we looked back the tenders from the previous three phases of the work

29. Below is set out the brief history for each phase. It will be seen that we did receive a competitive quote for phase 2. In all other phases we struggled to get enough tenderers to submit prices.

Phase 1 - 2012

30. Only one tender received, from Croft Building and Conservation £112,602.82

31. The final cost was circa £185,384k. As this was the first phase we discovered a number of hidden problems which only became apparent as the roof was stripped and these problems had to be addressed hence the additional work and costs

Phase 2- 2015

32. Tenders were sought from:

- a) Supplier 1 – tender submitted (£148,182)
- b) Croft Building and Conservation - tender submitted (£107,732)
- c) Supplier 2 – declined to tender as they did not consider they would be able to meet our H & S requirements
- d) Supplier 3 – no response received

33. Because of the poor return we contacted several other suitable contractors:-

- a) Supplier 4 – advised they were in London and not interested
- b) Supplier 5 – advised they were too busy
- c) Supplier 6 – advised they were too busy

34. Croft Building and Conservation, as the lowest tenderer, were awarded the contract.

35. Final cost circa £120k after additional works were identified

Phase 3 - 2017

36. Aware of the previous difficulties in getting contractors to quote for these works we approached 7 contractors to enquire if they were interested in the works
- a) Supplier 1 – advised they did not want to waste their time tendering against the contractor who won the works for the previous phase
 - b) Croft Building And Conservation – expressed interest
 - c) Supplier 3 – expressed interest
 - d) Supplier 4 – advised they were too busy
 - e) Supplier 5 – advised they were too busy
 - f) Supplier 6 – expressed interest
 - g) Supplier 7 – expressed interest
37. Four contractors were invited to submit tenders. Only one tender received, from Croft Building and Conservation - £153,870. The tender figure was value engineered and negotiations undertaken. The tender figure was reduced and an order placed. The final cost circa £180k (increase due to unforeseen variations)
38. The works included for decorations and external timber repairs were undertaken to all external timberwork and metalwork

Phases 4 to 7

39. This is the current tender being considered by CEB. As can be seen from the tendering of previous phases, despite approaching a significant number of contractors it was very difficult to get them to submit a tender. This we believe is mainly due to the specialist and complex nature of the work. The latest tender submissions demonstrate this further and apart from Croft Building and Conservation we have not managed to attract any contractors with the necessary experience/ ability to safely execute the work.
40. In addition analysis of the current tender from Croft Building and Conservation with their previous price is broadly comparable to the three previous phases taking into account the more difficult access issues on the current phases.
41. Finally, Croft Building and Conservation have proved that they are able to execute the works effectively, competently and to a high quality

Options

42. Below are set out the options that were considered when deciding to recommend the tender from Croft Building and Conservation
- a) **Option 1** – Accept one of the lower current tenderers.
 - b) As discussed above the risks of accepting one of the lower current tenderers are significant, for the reasons stated
 - c) **Option 2** – Retender the works in an attempt to attract more suitable contractors

- d) Our previous experience has highlighted the difficulties of finding and attracting suitable contractors. There is a risk that this experience will be repeated we may be no further forward, in addition and the costs may increase due to rising costs in the intervening period between the current tender submission and future submissions.
- e) **Option 3** – Accept the tender submitted by Croft Building and Conservation

43. We know that Croft Building and Conservation have successfully completed previous phases to a high standard and they are able to execute the works efficiently. They also now have considerable experience of working on the building. In addition we do have a price benchmark from the tender of phase 2 in 2015. Our tender estimate was based on our previous experience of costs on this building and this is comparable to Croft Building and Conservation's tender submission.

Other implications

44. Croft Building and Conservation carry out a lot of work in the Oxford area. They are committed to the Oxford Living Wage and have confirmed this in their tender submission.

They also recognise the shortage of traditional roofing skills in the industry and are actively involved in taking on apprentices as part of their strategy to address this. We have discussed this with Croft Building and Conservation and they have confirmed that they would support an apprentice from the Oxford area.

Consultation and communications

45. All relevant stakeholders including market traders will be informed of the impact of the works on the day to day running of the contract. This will take the form of an initial communication and be reinforced on a daily basis via the Covered Market Manager, Project manager for the works, and the builder's site foreman/clerk of works.

Health and safety

46. The works are subject to the Construction Design & Management regulations and all the appropriate responsibilities have been identified along with agreed health and safety plans in accordance with the regulations

Financial implications

47. Capital Funding of £1.6 million has already been approved by CEB as part of the annual budget setting process over the next four years. Depending on the timetable of the project this budget may be re-profiled to provide best value for money. The Head of Financial Services may authorise this under delegated powers

Legal issues

48. The NEC3 contract will be used and checked by legal before signing

Equalities impact

49. The extent of the project is related to the execution of building works only and as such has no impact either immediate or lasting on matters of equality

Conclusion

50. In conclusion it is felt that the tender submitted by Croft Building and Conservation represents value for money in a difficult market and that they have the necessary skills and knowledge to complete the work satisfactorily
51. Funding has already been agreed for these works as part of a larger investment in the long term maintenance and repair of the covered Market. CEB approval is required in order to place the works which have been tendered as a package.
52. Members are asked to consider the exceptional circumstances and difficulties experienced in attracting a viable contractor to undertake the work.
53. The cost of the contract at £1.3m exceeds the delegated authority for officers.
54. The CEB is therefore being asked to approve the issue of the appropriate works contract

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Background Papers: None