



**Executive**  
13 December 2010

**Report from the Director of  
Children and Families**

Wards affected:  
Harlesden, Kensal Green  
and Willesden Green

**Authority to award a construction contract for the re-  
building of Roundwood Youth Centre**

**APPENDIX 1 IS NOT FOR PUBLICATION**

**1.0 Summary**

- 1.1 This report requests authority to award the contract in relation to the construction works at Roundwood Youth Centre as required by Contract Standing Order 88 (c). This report summarises the process undertaken in tendering this contract, following the evaluation of tenders, and recommends to whom the contract should be awarded.

**2.0 Recommendations**

- 2.1 That the Executive note the award of a contract for pre-construction services and preliminaries in the sum of £346,990.00 to Morgan Sindall Construction plc (formally known as Morgan Ashurst) in relation to the construction works at Roundwood Youth Centre
- 2.2 That the Executive delegate to the Director of Children & Families authority to award a contract for the construction works at Roundwood Youth Centre to Morgan Sindall Construction plc, subject to confirmation of myplace Big Lottery funding from the Department for Education and subject to confirmation that the final price tendered is within the limit of the Big Lottery funding.

**3.0 Detail**

- 3.1 On 26 February 2009 the Council received an in principle award of £4,997,151 from the myplace Big Lottery Fund to fund the demolition of the existing Roundwood Centre building, site preliminaries, build the new youth centre, external works, professional fees, contingency, furniture and equipment.

- 3.2 The Roundwood myplace project is a development opportunity to create a new, world-class facility on the site of the existing Roundwood Youth Centre. The proposed building, to be known as the Roundwood Youth Centre, is within the heart of Harlesden and has the potential to become a central hub for young people in an area of significant deprivation. The new Roundwood Youth Centre will provide a landmark building for Harlesden and will make a significant contribution to the general regeneration of the local area. The building will be created using energy efficient and environmentally friendly materials to ensure that the design adheres to the principles of sustainable developments.
- 3.3 The Roundwood Centre is due to be completed by March 2012 and will serve young people in Harlesden and throughout Brent. As well as having a world-class design for the build, the new Roundwood Youth Centre will have hugely improved facilities including state of the art equipment, an internet café, performance space, dance and music studios, a sports hall, astro turf, a climbing wall, roof terrace and a multi use games area (MUGA). Roundwood Youth Centre will provide a safe and secure environment for all young people in the catchment areas to meet and take part in youth work activities and sessions, gain accreditation and get information, advice and guidance on any issues they may have, including careers and health and emotional issues.
- 3.4 Young people have been involved in the developing design from the beginning. "Brent Youth Matters 2" youth forum members have attended meetings with architects and visited various innovatively structured venues to gain ideas. The new Roundwood building has been designed with robust consultation with young people, user groups and potential users.
- 3.5 As detailed in paragraphs 3.11 to 3.21, Officers proceeded to let a contract for pre-construction services and preliminaries. On 6 July 2010 the Council received an email notification from the Big Lottery Fund on behalf of the Department for Education (DfE) to the effect that the capital spending for youth facilities was to be reviewed and that the Big Lottery Fund were awaiting a decision from the Department for Education on the future of myplace funding. The milestone review decision process that was underway with the Big Lottery Fund at that time was put on hold pending a decision from the Department for Education and as at 19 November 2010, there has been no further news on the future of the programme.
- 3.6 In the same communication, the Local Authority was advised that committing costs in excess of 5% of the lead in payment of the grant would be at the risk of the Council. An assessment of spending to date was made and the Project Steering Group have been able to take the programme as far as securing planning permission and preparing and issuing packages, for example subcontracting specifications for aspects of the build such as electrical work, mechanical engineering, to the sub-contractors. The project is now on hold pending confirmation of funding.
- 3.7 Owing to the uncertainties about the myplace funding and the need to place the project on hold at RIBA stage E following the news that there would be no confirmation of funding before the outcome of the Public Spending Review, there has been an inevitable delay to the project. In order to meet the requirements to complete the build within the timeframe specified it is essential to commence the works on site early in January 2011.

## The IESE Procurement and its Benefits

- 3.8 The intention is to award a call off contract from the Improvement and Efficiency South East Buildings Work-stream Construction Framework (the IESE Framework). The IESE Framework Agreement was established following an EU-compliant process and any call-off is on the basis of most economically advantageous tender. The IESE Framework is one to which a number of contractors have been appointed after testing on minimum standards of economic standing and technical capacity. The framework is structured to provide for traditional procurement using a two-stage contract (ie pre-construction services and then the main build contract). The added value of this IESE procurement route is that it allows for open book accounting with the main and sub-contractors, enabling the Council and appointed consultants to audit the cost management process during the pre-construction and construction phases. Under the IESE Framework rules, it is necessary to run a mini-competition process among the participating contractors to appoint a contractor for the pre-construction phase, and there is no contractual obligation to proceed to contract award until the contract proposals are offered at the end of the pre-construction phase.
- 3.9 Officers considered that using the IESE Framework Agreement allows the Council to procure the required new-build works within the timeframe permitted, with reduced expenses incurred. Officers regard the IESE Framework Agreement to be beneficial for the following reasons:
- Programme time saving and programme certainty
  - Cost certainty earlier in the process - open book policy
  - Comprehensive risk reduction earlier in the process
  - Collaborative working
  - Contractor certainty - already pre-qualified on financial stability and quality
  - Resources are minimised when compared to the OJEU procurement route
  - Process - KPI's and Stage approvals, following the RIBA design stages.
  - All contractors have worked on projects for Local Authorities
  - The opportunity is there to ensure that continuous value engineering of the project is meeting its objectives of cost certainty.
  - Updated management and project specific preliminaries costs, if necessary
  - Alignment of the cost plan with design development and budget
  - Negotiations with subcontractors and suppliers to achieve best value costs within cost plan
  - Designing out risk and increasing buildability within project budget
- 3.10 It was therefore decided to proceed with using the IESE Framework. In accordance with Contract Standing Order 86 (d) (ii), the necessary approvals to use the IESE Framework were obtained from the Director of Children & Families, the Director of Finance & Corporate Resources and the Borough Solicitor in February 2010.

## The process required to be followed by the IESE Framework

- 3.11 Under the rules of the IESE Framework, the IESE team at Hampshire County Council ran an Expression of Interest process to identify relevant contractors on behalf of the Council in relation to the required construction works at Roundwood Youth Centre.

- 3.12 Following an evaluation of the Expressions of Interest, the appointment of a preferred contractor using the IESE Procurement Framework is based on structuring the Mini-Competition Tender Documents around the specific stakeholder and project requirements. It enables the contractor to fully understand these requirements and prepare an initial Draft Execution Plan (DEP) identifying risk and issues within the project. The evaluation scores the DEP in addition to their cost and ability submissions. The transparency of this approach allows the stakeholders and Design Team to fully assess the contractors' competence and suitability to deliver this complex project.

#### The Expression of Interest process

- 3.13 All ten IESE Framework Agreement contractors were invited to express their interest against outline project information including their preferred type of work, their relevant experience, capacity and their geographical presence. All ten contractors on the IESE Framework chose to express interest and were evaluated.
- 3.14 The evaluation was carried out by the Council's agent, MACE, with guidance from IESE. Selection was based on the criteria set by IESE including the contractors' overall performance, KPIs on finance, quality, programme and satisfaction. That information was provided direct by IESE and sourced from previous Framework projects, capacity and relevance to the project.
- 3.15 Following the evaluation of the Expression of Interest, four contractors were shortlisted. Details of these contractors are set out in Appendix 1

#### Tender process

- 3.16 Following the evaluation of Expressions of Interest, invitations to tender were issued in March 2010 to the four contractors to enter the mini-competition. The mini-competition was held to enable the selection of a contractor to be appointed under a call-off contract for pre-construction work to include design work, to inform on technical solutions best suited to the scheme requirement and the development of a cost plan.
- 3.17 A full breakdown of the criteria and requirements were issued to the four contractors covering project description, duties of the framework contractor and the ability (competence to carry out the work) and cost submissions.
- 3.18 The written tender submissions were evaluated by the myplace Project Steering Group (comprising Council Officers, representatives from MACE and two young people from Brent Youth Matters 2) led by MACE. The contractors were awarded marks based on the agreed criteria and weightings set out in the evaluation matrix, detailed in Appendix 2. The prices submitted by tenderers for the pre-construction services and preliminaries are contained in Appendix 3.
- 3.19 An initial evaluation of tenders from all four contractors was undertaken. One of the contractors (Contractor A) did not score as well as the others and in accordance with IESE Framework procedures it was not considered appropriate to invite Contractor A to be interviewed. The other 3 contractors were invited to interviews on 8 April 2010 and their proposals jointly evaluated by the Design Team, Brent Youth and Connexions Service, young people and a representative from Property and Asset Management. The primary purpose of the interview was to seek

clarification on the understanding of the scheme and the Youth and Connexions Service's requirements based on an agreed schedule of questions applicable to all contractors. The interview confirmed Contractor C's ability to deliver the project within the budget and programme constraints.

3.20 The evaluation report at Appendix 2 gives the detailed evaluation scoring showing the strengths of the highest scoring bidder. The overall final percentage scores are summarised as follows:

- Contractor C                    69.1%
- Contractor D                    65.5%
- Contractor B                    61.3%
- Contractor A                    48.6%

3.21 Following completion of the evaluation process, the evaluation panel recommended that the contract for Pre-Construction Services be awarded to Contractor C, Morgan Sindall Construction plc (formerly Morgan Ashurst). Morgan Sindall Construction plc (Morgan Sindall) tender for Pre-construction services was in the sum of £346,990 and as a result, their appointment was agreed by officers under delegated powers.

3.22 The implications of appointing Morgan Sindall through the IESE Procurement route has enabled the early introduction of the contractor to the Council to ensure the new build and demolition of the existing building is delivered with minimal disruption to the operation of the present Roundwood Youth Centre. In addition to the contractors design/buildability advice to the Design Team, all the intrusive surveys and investigations (Level 3 asbestos, access, structural, M&E services, fire) have been completed well before the main contract commencement, highlighting any construction/programme issues impacting on the budget, therefore assuring the output cost certainty of the contract

3.23 The Planning Application for the scheme received approval on 16<sup>th</sup> September 2010, with conditions which include:

- Sustainability measures are to ensure BREEAM Very Good rating on the new build.
- 10% renewables calculation is to be included.
- Water consumption and reduction measures to be included
- Tree protection measures to be put in place
- Noise survey to be carried out as existing at nearest noise sensitive point to the boundary
- A Green Travel Plan is required
- A Landscape management plan is required
- A cycle storage facility with security is to be included
- There is to be provision for refuse storage and recycling
- Ecology protection and monitoring measures to be proposed by the contractor

3.24 By appointing Morgan Sindall through the IESE Framework for Pre-construction services, the Council benefits from their early input into achieving BREEAM credits at the design stage, reducing financial pressures during the construction phase to reach the BREEAM requirement.

- 3.25 A breakdown of Morgan Sindall Pre-construction Stage Management Structure and Costs submission has been received from Morgan Sindall. It supports the reasoning behind the evaluation process selecting this contractor as the main contractor to successfully deliver the new build scheme at Roundwood Youth Centre. Morgan Sindall have been preparing for the competitive tendering of sub contractor packages for the main construction contract. Once tenders for these sub contractor packages have been received, Morgan Sindall will be able to provide a price for the main contract. Pricing will be examined by the Council's cost consultants to ensure best value. Subject to confirmation of myplace Big Lottery funding from the Department for Education and subject to confirmation that the final price tendered is within the limit of the Big Lottery funding, Officers would wish to proceed with the award of the main construction contract to Morgan Sindall.
- 3.26 Subject to Executive approval to appointing a main contractor in accordance with Recommendation 2.2, it is anticipated that start on site commences early in January 2011, subject to confirmation of funding from the myplace, with delivery of the completed project by March 2012. The Council through Mace, as architect and lead consultant, will retain control over the final design to ensure that proposals meet the aspirations of the client team. It is proposed that Morgan Sindall will feed into the design development stage alongside the Design and Client Team from RIBA Stage E.
- 3.27 The form of build contract proposed will be a JCT form of contract under a traditional design methodology. A tender price has been sought at RIBA Stage E from Morgan Sindall, but to ensure a robust and firm contract tender price, it is envisaged that the contract would not be signed until RIBA Stage F design is clarified to ensure minimal provisional sum pricing.

#### **4.0 Financial Implications**

- 4.1 The report notes that utilising the IESE Framework Agreement that facilitates bringing on board a contractor at an early stage of the procurement process enables the principles of Best Value to be adhered to, as outlined in paragraphs 3.23 and 3.24 and how tasks enabling cost certainty during pre-construction and post construction phases may be achieved.
- 4.2 To date the council has commitment from the Big Lottery Fund to re-imburse up to 5% (£249,857.55) of the total in principle grant award of £4,997,151 subject to submission of a valid claim once relevant invoices are received
- 4.3 The Council's Contract Standing Orders state that works contracts exceeding £1,000,000 (High Value Contracts) shall be referred to the Executive for approval to award the contract under Council Standing Order 88(c).
- 4.4 The indicative value of this works contract will be higher than £1,000,000 although it will not exceed the balance of the total £4,997,151 Big Lottery Fund Grant remaining after the costs of the Preconstruction and Preliminaries have been met (maximum £249,857.55) the Executive is hereby being requested to approve the works contract to Morgan Sindall, thus enabling works to start early in January 2011, subject to confirmation of funding by the Big Lottery Fund on behalf of the Department for Education.

- 4.5 There are no additional revenue costs arising from the project. Revenue costs will be met from existing Youth Service budgets, increased lettings to community organisations and income generation.

## **5.0 Legal Implications**

- 5.1 The estimated value of the construction contract is over the EU threshold for works contracts (of £3,927,260) and the award of the contract is therefore governed by the Public Contracts Regulations 2006 (the “EU Regulations”). Normally a contract that is above the EU works threshold requires a formal EU-compliant tender process to be undertaken. However where there is an intention to call-off a framework that has been procured in accordance with EU Regulations, then there is no requirement to pursue a full tender process provided that the call-off is in accordance with the framework rules.
- 5.2 The award of the construction contract is subject to the Council’s own Standing Orders and Financial Regulations in respect of High Value Contracts. As such, the construction contract should ordinarily be tendered. However, where there is a call-off under a framework agreement established by another contracting authority, Standing Order 86 (d) provides an exception to this whereby, if the call-off is recommended by the relevant Chief Officer, the Director of Legal and Procurement has advised that participation in the framework agreement is legally permissible and approval from the Director of Finance has been obtained from the Director of Finance and Corporate Services, then no formal tendering procedures apply. Approval from the Executive to any award of a call-off contract is however still required in connection with High Value contracts though the Executive is able to delegate this approval to award to Officers.
- 5.3 The Director of Legal and Procurement has advised that participation in the IESE Framework agreement is legally permissible.
- 5.4 It should be noted that the award of this works contract to Morgan Sindall is subject to the Council receiving the amount of £4,997,151 from myspace Big Lottery funding from the Department for Education
- 5.5 A JCT standard form contract will be used for the construction contract as permitted by the IESE Framework.

## **6.0 Diversity Implications**

- 6.1 The Roundwood Youth Centre is situated in Harlesden where there are relatively high numbers of young people Not in Education Employment or Training (NEET) and high numbers of young people living in low income households. Young people in the area come from diverse ethnic and cultural heritage groups.
- 6.2 The design strategy, the building form and the equipment to be installed will support the provision of a wide range of activities, facilities and amenities for all, including young people with disabilities and those who need youth provision most and so will enhance inclusion and participation.
- 6.3 An equalities impact assessment has been completed for the myplace project.

## **7.0 Staffing/Accommodation Implications**

- 7.1 The staff at Roundwood Youth Centre are currently delivering youth provision in a building that is no longer fit for purpose.
- 7.2 The building works as proposed will improve the accommodation and will thereby facilitate the organisation, management and operation of youth provision within the Centre.

### **Background Papers**

None.

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**Evaluation Matrix**

		Contractor A	Contractor B	Contractor C	Contractor D
Ability	Draft Project Execution Plan	2	2	3	3
	Logistics Report	5	5	8	4
	Draft programmes	5	7	7	5
	Supporting information to cost submission	5	8	6	9
	Cost plan comment	6	10	11	5
	Previous experience of project team	14	15	15	15
	Interview		5	10	12
	Subtotal (max 100)	37	52	60	53
Weighted total (max 70)		29.6	41.6	48.3	42.7
Cost	OH&P	4.0	4.4	4.0	5.0
	Pre-construction	7.0	5.8	5.1	6.5
	Construction	8.0	10.5	11.7	11.4
Weighted total (max 30)		19.0	19.7	20.8	22.8
TOTAL		48.6	61.3	69.1	65.5

**Prices**

Contractor	Preconstruction	Preliminaries	Total
Contractor A	£5,200.80	£435,627.00	£440,827.80 (note)
Contractor B	£11,720.73	£257,549.00	£269,269.73 (note)
Contractor C	£36,868.00	£310,122.00	£346,990.00
Contractor D	£10,562.00	£334,600.00	£345,162.00

NB: IESE noted irregularities in build up of the preconstruction and preliminaries for both Contractor A and Contractor B.

OH&P, 'CAR' insurance and VAT at market rate excluded.