



## Cabinet Decision by Delegated Authority to Award Contract

Report to  
Strategic Director of Resources

### AUTHORITY TO AWARD BUILDING CONTRACT FOR THE REDEVELOPMENT OF KNOWLES HOUSE

<b>Wards Affected:</b>	Kensal Green
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Exempt - Appendix One is exempt from publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
<b>No. of Appendices:</b>	Two
<b>Background Papers:</b>	None
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## 1.0 Purpose of the Report

- 1.1 This report requests authority to award contracts as delegated under the Cabinet Report dated 19<sup>th</sup> June 2017. It summarises the tender process undertaken in respect of this contract and, following completion of the evaluation of the tenders, recommends who the contract should be awarded to.

## 2.0 Recommendations

- 2.1 That the Strategic Director of Resources in consultation with the Portfolio Lead Member for Property award a two stage design and build contract for the redevelopment of Knowles House, with the first stage of the contract (Pre-Construction Services Agreement to include enabling works) to commence following award.
- 2.2 That the contract be awarded to Contractor E (appendix One)

## 3.0 Detail

### ***Background***

- 3.1 In June 2017 Cabinet approved a capital investment for delivery of Knowles House, with authority delegated to the Strategic Director of Resources, in consultation with the Portfolio Lead Member for Property to award the works contract.
- 3.2 The scheme will provide 149 new council owned homes and a replacement community centre. Detailed in the table below is the mix of properties in the scheme:

Temporary Accommodation ("TA")		New Accommodation for Independent Living ("NAIL")		Community Centre	Total
2b3p	62	1b1p	57	1	
2b4p	7				
3b5p	23				
Total	92		57	1	150

### ***The tender process***

- 3.3 In September 2017, Officers invited tenders using the A2 Dominion OJEU compliant framework. The Employer's Agent, Baily Garner recommended that the procurement route be in the form of a two stage tender. The first stage, known as the Pre-Construction Services Agreement (PCSA), is based on a cost made up of the contractor's preliminaries, overheads and profits, design and survey costs and any other pre-construction works that are specified. In this stage the appointed contractor works alongside the Council to develop the designs and tenders works packages to its sub-contractor supply chain. The resulting costs trigger stage two (construction).
- 3.4 The tendering instructions stated that the contract would be awarded on

the basis of the most economically advantageous offer to the Council and that in evaluating tenders, the Council would have regard to the following:

Price - 40%

Quality Criteria - 50% - assessed on:

- Delivery team and structure
- Engagement with key stakeholders
- Delivery statement and risk register
- Management of site specific Health and safety
- Budget management and value engineering

Social Value 10%

The contractor will be appointed for both stages at stage one, but there is no obligation on the council to accept the price of the works contract at stage two. The forming of tender packages and subsequent tender returns is carried out under an open book approach so the council is able to observe how the appointed contractor is forming their stage two costs before accepting them. If the stage two price is not acceptable, the council has the option not to trigger stage two with the first contractor, and to consult with the second placed contractor, the third place contractor and so on.

### ***Evaluation process***

- 3.5 The tender evaluation was carried out by a panel of officers from Property, Procurement and the appointed cost consultant. Five valid tenders were received. The panel met on 4<sup>th</sup> December 2017 and each submission was marked by the whole panel against the award criteria.
- 3.7 The names of the tenderers are listed in Appendix One; the scores received by the tenderers are included in Appendix Two. Officers therefore recommend the award of the contract to the highest scoring tenderer.
- 3.8 The contract will commence on 9<sup>th</sup> March 2018, subject to the Council's observation of the standstill period noted in paragraph 5.3 below.

## **4.0 Financial Implications**

- 4.1 The Council's Contract Standing Orders state that contracts for supplies,

services or works exceeding £500k shall be referred to the Cabinet for approval of the award of the contract.

- 4.2** The cost of this contract will be funded from the capital budget approved by cabinet on 19 June 2017

## **5.0 Legal Implications**

- 5.1** The value of this contract over its lifetime is in excess of the EU threshold for works and the award of the contract is therefore governed by the Public Contracts Regulations 2015 (the “EU Regulations”). The procurement was undertaken through a framework and the EU Regulations provide the rules for use of framework agreements. Contracts may be called off under framework agreements without the need to separately advertise such contracts or procure them through a full procurement process.
- 5.2** The award of the contract is also subject to the Council’s own Standing Orders in respect of High Value contracts and Financial Regulations, in that Cabinet approval to award would be required. However, in the Cabinet report of 19<sup>th</sup> June 2017, Cabinet delegated authority to the Strategic Director of Resources in consultation with the Portfolio Lead Member for Property to award the contract.
- 5.3** Although there is no strict requirement to observe the mandatory minimum 10 calendar day standstill period before the contract can be awarded where a contract is procured under a framework agreement, Officers intend to voluntarily observe such requirement. Therefore all tenderers will be issued with written notification of the contract award decision. A minimum 10 calendar day standstill period will then be observed before the contract is concluded – this period will begin the day after all tenderers are sent notification of the award decision – and additional debrief information will be provided to unsuccessful tenderers in accordance with the EU Regulations. As soon as possible after the standstill period ends, the successful tenderer will be issued with a letter of acceptance and the contract can commence.

## **6.0 Equality Implications**

- 6.1** The proposals in this report have been subject to screening and officers believe that there are no equality implications.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1** A decision notice will be published on 1 March 2018, triggering a five day call-in, which applies until 8<sup>th</sup> March 2018.

## **8.0 Human Resources/Property Implications**

8.1 There are no staffing or accommodation implications for Council staff.

## **9.0 Public Services (Social Value) Act 2012**

9.1 Whilst the Public Services (Social Value) Act 2012 (the “Social Value Act”) does not apply to works contracts, Officers have had regard to considerations relevant to the Social Value Act in this procurement, namely how the contract might improve the economic, social and environmental wellbeing of the borough.

9.2 Bidders were asked to submit bids that proposed social value measures such as opportunities for local sub-contractors and local people to gain experience and employment in the construction industry. These proposals were evaluated using the social value criteria summarised in Appendix Two.

### **Report sign off:**

**SARAH CHAUDHRY**  
**Head of Property**