



Report of Technical Asset Management

Report to the Director of City Development

Date: 5 June 2018

Subject: Appointment of a Contractor for the Refurbishment of Units 328-331 and 322-325 within the Fresh Produce Area at Kirkgate Market – Tender Evaluation report

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Hunslet & Riverside	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? Access to Information Procedure Rule number: 10.4.(3) Appendix 1 and Appendix 2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The proposed refurbishment of units 328-331 and 322-325 are both located within the Fresh Produce Area supports the Good Growth priority in the Council's Best Council Plan 2017/18 by promoting investment which will contribute to the economic growth of the city and job creation.
2. This report summarises the procurement approach pursued by the City Council for the appointment of a contractor from the YORbuild 2 Framework. As required by CPR 3.1.8 this was approved as Significant Operational Decision by the Director of City Development on 30 January 2018.
3. The report outlines the tender evaluation of the bidder's submissions and recommends the appointment of Bermar Building Company Limited as the preferred contractor to undertake the works to refurbish the units 328-331 and 322-325 within Kirkgate Market (the Market).

Recommendation

4. The Director of City Development is recommended to authorise the City Council to enter into a contract with Bermat Building Company Limited to undertake the refurbishment of units 328-331 and 322-325 within Kirkgate Market.
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1 Purpose of this report

1.1 The purpose of this report is to explain the tender evaluation process undertaken and to seek the Director of City Development's approval to the appointment of Bermar Building Company Limited as the preferred contractor to undertake the proposed refurbishment works to units 328-331 and 322-325 within the Market.

2 Background information

2.1 The Market is considered to be an important historical asset to the city of Leeds, attracting over 10 million visitors annually.

2.2 In December 2016 the Council completed a major programme of refurbishment works at the Market which included, amongst other things, the:

- Creation of a Covered Daily Market within the former 1976 hall specifically catering for food to go business and events; and
- Recreation of a historical blockshop on Fish & Game Row (now Fresh Produce Area) and the refurbishment of a number of blockshop units to create a new fresh produce area along with the upgrade of the drainage services and replacement of the fire sprinkler system.

2.3 The works noted above were completed within the first phase of the major construction works and were opened and occupied by traders from June 2016.

2.4 It should be noted that the scope of the major refurbishment scheme did not include for any works to the units on the south side of Fish & Game Row (now Fresh Produce Area), including units 328-331 and 322-325 which became vacant coinciding with the start of the refurbishment works to the Market. Upon gaining possession of the units it became apparent that significant refurbishment works would be required to the units before they could be re-occupied.

2.5 Aecom Limited were appointed to design the works for the refurbishment along with applying for and obtaining Listed Building Consent which was achieved on 7 February 2018. The Director of City Development approved the ongoing appointment of Aecom to provide assistance with the tender process, discharge planning conditions, undertake contract administrator duties and provide technical when required.

3 Main issues

3.1 On the 30 January 2018 the Director of City Development approved the authority to spend and the proposed procurement route for the appointment of a contractor. It was approved to utilise LOT 1 0-250K of the YORbuild 2 Framework and undertake a mini competition with the evaluation criteria used to assess the suitability of the contractor to undertake the commission be based on a single stage tender split weighting of 80% price 20% quality.

3.2 As advised at the last Programme Board meeting, five tenders were returned by the tender submission due date of 28 March 2018. Board Members are reminded that the evaluation criteria split was 80% price and 20% quality with the quality

assessment being undertaken by David Hawcroft (Project Manager) at Aecom and Stacey Walton. The price submission was assessed by Aecom's QS.

- 3.3 Tender documentation, including the tender evaluation criteria was uploaded onto the Procontract system, accessible to all 10 contractors listed on LOT 1 of the framework on 5 March 2018, with a tender return date of 28 March 2018. The Council received five (5) tender submission by the date/time. It should be noted that out of the five tenders received only three were compliant as two of the bidders failed to submit the quality criteria and therefore their tender submission could not be evaluation further. An evaluation panel comprising a Council officer and a representative of Aecom assessed the quality submissions with the project Quantity Surveyor separately assessing the price for reasons of compliance, completeness and viability. For the avoidance of doubt, in this instance contractors were not invited for an interview given the scale of the project.
- 3.4 The Director of City Development is advised that the pre-tender estimate (PTE) for the construction works was estimated to be £200k (rounded) and upon evaluation of the received tender prices it became apparent that the PTE underestimated the cost of the proposed works. Given the historic nature and conservation requirements of the Market and its building fabric and having to undertake the work in a live trading environment has resulted in the scheme being less attractive to contractors.
- 3.5 The George Street/Kirkgate Market Infrastructure Board were advised at their meeting of 11 May 2018 that an updated business case will be presented to Finance Performance Group (FPG) seeking further prudential borrowing to cover the increase in construction costs. Members of the Board confirmed that there were no concerns with the request and proceed with the appointment process.
- 3.6 On the basis of the price/quality assessment undertaken by the evaluation panel, it is proposed to award the contract to Berman Building Company Limited. Appendix 2 attached, which exempt under the Access to Information Rule 10.4 (3) as the document contains sensitive commercial information, provides a summary of the outcome of the tender evaluation process.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Executive Member for Regeneration, Transport and Planning has been consulted and are supportive of the recommendations contained in the report.
- 4.1.2 The George Street/Kirkgate Market Infrastructure Board has been consulted and are supportive of the recommendations contained in the report.
- 4.1.3 The Kirkgate Market Management Team have been consulted and are supportive of the recommendations contained in the report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There is no expected impact on the protected characteristics and therefore it is not applicable for an EDCl impact screening form to be completed at this time.

4.3 Council Policies and City Priorities

4.3.1 The proposed works support the Good Growth priority in the Council's Best Council Plan 2017/18 by promoting investment which will contribute to the economic growth of the city and job creation.

4.4 Resources and Value for Money

4.4.1 The cost of the works will be funded through prudential borrowing supported by the rental income generated from the refurbished units. Financial Performance Group, the Chief Financial Services Officer and Director of City Development approved the funding route.

4.4.2 It is acknowledged that the actual construction costs of the works are higher than the anticipated pre-tender estimate as detailed in item 3.4 above. The units when refurbished are estimated to generate rental income totalling £51k per annum, which, after prudential borrowing would generate a revenue surplus to the Market Service of £21.7k per annum and will support the service of achieving their current income targets.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The decision to approve the appointment of Bermar Building Company to undertake the refurbishment works to units 328-331 and 322-325 within the Market is a key decision and therefore subject to call-in.

4.5.2 Appendix 1 and 2 is exempt under the Access to Information Rule 10.4 (3) as the document contains sensitive commercial information.

4.6 Risk Management

4.6.1 Due to programme slippage there is a risk that the preferred contractor may not have the resource availability to undertake the work in a timely manner. The impact of this is the delay in the Market Service generating an income on the units.

5 Conclusion

5.1 Officers have undertaken the procurement exercise as approved by the Director of City Development and a mini competition to the YORbuild 2 Framework LOT 1 using a weighted criteria evaluation of 80% price 20% quality has identified Bermar Building Company Limited as the successful contractor. Accordingly, the recommendation that the company be appointed to undertake the refurbishment works for the lump sum price identified in the confidential appendix 1 and 2.

6 Recommendation

6.1 The Director of City Development is recommended to authorise the City Council to enter into a contract with Bermat Building Company Limited to undertake the refurbishment of units 328-331 and 322-325 within Kirkgate Market.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.