

**Report of :** Head of Asset Management

**Report to :** Chief Officer Culture and Sport

**Date:** 15<sup>nd</sup> April 2019

**Subject:** Heritage Priority Projects Maintenance Works: Proposed Contractor Procurement Strategy, Thwaite Mills House.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Hunslet and Riverside		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. The report advises that following the RIBA Stage 3 design phase a meeting around a procurement strategy was held with officers from City Development (Asset Management), PACS (Procurement and Commercial Services), and NPS Leeds to consider the procurement route for the appointment of a contractor to undertake the proposed Heritage Maintenance Works at Thwaite Mills House.
2. Having regard to the nature of the proposed works, the programme constraints of the project, the Council's approach to risk transfer, and the desire as far as possible to achieve cost certainty, the report advises that the proposed procurement route is that the Council should pursue the appointment of a contractor following a competition via Constructionline. This will give LCC maximum flexibility in choosing appropriately qualified and experienced Heritage Contractors.

### Recommendation

3. The Chief Officer Culture and Sport is requested to approve;
  - i) The procurement of a contractor to undertake the proposed heritage maintenance works on Thwaite Mills House following a competition via the use of the Constructionline procurement process.

- ii) The proposed tender evaluation criteria weighting of 60% price and 40% quality for the procurement of a contractor to undertake the proposed works at Thwaite Mills House
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## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek the authorisation of the Chief Officer Culture and Sport to procure a contractor following a competition process from the Constructionline tendering process, for the proposed Heritage Maintenance Works at Thwaite Mills House.
- 1.2 The Chief Officer Culture and Sport is also requested to approve the tender evaluation criteria weighting of 60% price and 40% for quality for the selection of the contractor to undertake the proposed works.

## **2 Background information**

- 2.1 Work has been carried out over the last 2 years to identify all the Listed Heritage Assets owned by LCC, their general condition and the extent of any backlog maintenance required to improve the fabric of the buildings. A matrix utilising a number of criteria set out an indicative priority schedule, with priority given to operational Listed Buildings, which includes Thwaite Mills House. The works identified include general building work, refixing roof slates, ridges etc. timber conservation repairs and redecoration, replacing gutter and down pipes in cast iron, stone repairs and conservation repairs and redecoration to external doors. Mechanical works including replacing corroded radiators. Electrical works include replacing the CCTV system, upgrading lighting and power and minor structural work.
- 2.2 An NPS priced condition survey was carried out in February 2017 on Thwaite Mills House, which is one of four Priority Projects identified to form part of Phase 1 works. Priority works were subsequently agreed by an internal Officer Team and endorsed by the Heritage Project Board.

## **3 Main issues**

- 3.1 In view of the historic significance and sensitivity of the building (Grade II listed), the intention is to appoint a managing main contractor to ensure effective organisation and management of the site.
- 3.2 The following procurement options have been considered by officers from Asset Management, Culture and Sport, PACS and NPS Leeds :-
  - (i) Internal Service Provider (ISP) – In accordance with CPR 3.1.4 the ISP (Leeds Building Services) have been consulted and advised that they do not have the capacity to undertake this work.
  - (ii) Constructionline – is a register for pre-qualified contractors and consultants used by the Construction industry of the UK and from which local authorities can select contractors who have been through a pre-qualification process on below OJEU threshold procurements.
  - (iii) Utilise an Approved Framework – by utilising an approved framework, in this case Yorbuild2, the Council has access to high quality contractors who have

undergone a rigorous quality evaluation. This route is not the preferred route on this occasion due to the heritage nature of the works.

Procurement has recommended that Constructionline is used to determine the list of contractors to tender on this project. This will give the City Council maximum flexibility in choosing appropriate and experienced Heritage Contractors.

- 3.3 Risk Allocation: The procurement route must ensure that risk is placed with those best suited to manage those risks, whilst ensuring that no significant premium is paid by the Council in passing risk to another party. In this context a design and build contract would transfer design risk to the contractor. However a design and build option was discounted because the design has already reached RIBA Stage 3, meaning the Council would be transferring, and potentially paying for, a risk unnecessarily.
- 3.4 Form of Contract: It is proposed to use JCT Standard without Quantities 2016 Edition.
- 3.5 The Chief Officer Culture and Sport is requested to approve the proposed evaluation criteria weighting of 60% for price, and 40% for quality for the appointment of the contractor. Due to the level of detail already achieved in the design and specification. It is proposed that cost should be the principal consideration.
- 3.6 It is recognised that the building is a Grade II Listed building. There will also be significant interfaces with the staff and public. The quality criteria will focus on these elements and heritage experience and 40% is proposed as an appropriate weighting. The project team will also consider utilising minimum quality thresholds both for individual quality criteria as well as over the whole quality evaluation. It is proposed that the contractor must meet an overall quality standard of 50%.
- 3.7 Other options were considered in line with the Council's Tender Evaluation guidance before the proposal of a 60/40% split was agreed. The detailed evaluation criteria will be subject to approval by the Chief Officer Culture and Sport prior to tender invitation in accordance with CPR 15.1 as a Significant Operational Decision.

## **4 Corporate Considerations**

### **4.1 Programme**

The current indicative programme is as follows;

October 2018 – Commence design to RIBA stage 4

Tenders invited – 18/04/2019

Contract awarded – 18/07/2019

Start on site – 07/10/2019

Completion – 27/03/2019

### **4.2 Consultation and Engagement**

4.2.1 Ward Members were consulted on 3<sup>rd</sup> December 2018 and Executive Member Economy and Culture was consulted on 20<sup>th</sup> March 2019, no adverse comments were received, the only comments which were made welcomed the fact that the proposed works were being undertaken. Project Board is supportive of the recommendations contained in the report

### **4.3 Equality and Diversity / Cohesion and Integration**

4.3.1 A screening form has been completed the outcome is that there is no expected impact on the protected equality characteristics relating to the recommendation contained in this report and, therefore, it is not applicable for an EIA to be completed.

### **4.4 Council Policies and City Priorities**

4.4.1 The proposed Heritage Maintenance work to Thwaite Mills House, a Grade II Listed Building, is consistent with the Best Council Plan 2019/20.

### **4.5 Resources and Value for Money**

4.5.1 The Chief Officer Culture and Sport should note that the proposed evaluation model of 60% of the marks for cost places the achievement of value for money as the principal component of the procurement strategy, noting that the bidders on the Constructionline framework have already passed a quality evaluation. NPS has advised in their Pre-tender Estimate that the cost of the work is £618,000 and can be funded from existing capital scheme 16996.

### **4.6 Legal Implications, Access to Information and Call In**

4.6.1 The Council's Procurement Governance and Regulations Officer has advised that the delegated decision to determine the procurement approach and the evaluation criteria for the appointment of the contractor to undertake works at Thwaite Mills House, should be taken in compliance with Contract Procedure Rules 3.1.6.

4.6.2 The recommendations contained in this report constitute a Significant Operational Decision As therecommendations contained in the report are the consequence of a previous key decision to inject funds into the Heritage Maintenance programme taken by Executive Board in February 2018, the decisions are not eligible for Call-In.

### **4.7 Risk Management**

4.7.1 A risk register will be developed as the work progresses. This will highlight all risks and register how contract risks will be managed. The risk register will also form part of the Contract Management Plan.

4.7.2 The risks identified with this procurement are:

- Insufficient tenders – this will be managed through the use of Constructionline
- Uncompetitive pricing - this will be managed through the competitive tender process as well as indicating to the market value for money aspirations

- Failure to meet minimum quality thresholds – this will be managed through detailed instructions to the market as well as utilising thresholds that are proportionate and achievable
- Poor contract management – this will be managed through the use of a proportionate contract management plan and by utilising an experienced Project Manager.
- Challenge – will be mitigated through following best procurement practice, ensuring fairness and transparency, and consultation with PACS commercial team to ensure robustness
- Reputational damage – will be mitigated through market engagement, clear documentation and instructions and effective contract management.
- Commercial risk to Thwaite Mills House if works are delayed – mitigated through the inclusion in the contract of damages for delays where appropriate.

## **5 Recommendation**

5.1 The Chief Officer Culture and Sport is requested to approve;

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- ii) The proposed tender evaluation criteria weighting of 60% price and 40% quality for the procurement of a contractor to undertake the proposed work at Thwaite Mills House.

## **6 Background documents<sup>1</sup>**

6.1 None

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<sup>1</sup> 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.