

Procurement Strategy for the provision of a new modular construction Highways Depot facility at Pottery Fields.

Date: 9th May 2024

Report of: Project Manager, Projects & Programmes, City Development

Report to: Chief Officer Asset Management & Regeneration, City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- In accordance with Contract Procedure Rule 3.1.7 this report seeks to undertake a procurement exercise, in-line with the parameters detailed herein, for the award of a construction contract for the delivery of new modular accommodation to replace life expired provision at the Pottery Fields Depot facility. Delivery of the project will provide compliant welfare and office provision for utilisation by the Highways depot team.
- In this instance it is not possible to utilise the YORhub suite of framework agreements as no provision is allowed for within this package for the delivery of modular volumetric buildings. As such Contract Procedure Rule 3.1.6 cannot be applied in this instance, consequently consultation has been held with Procurement & Commercial Services and the Crown Commercial Services (CCS) Off-site Construction Solutions framework was subsequently identified as the most expedient and compliant procurement route in this instance.
- An 'expression of interest' exercise has been conducted with the contractors within this lot, wherein 3 of the possible 12 contractors advised that they would be interested in bidding for the project once the tender was published.
- It is proposed that a mini competition is undertaken utilising the CCS Off-site Construction Solutions framework, with submissions subject to a 'price' and 'quality' review at a weighting of 70% on price and 30% on quality. The quality criteria will be subject to a client-side review and scoring panel, consisting of appropriate members of the City Council's Projects and Programmes team.
- The scheme will be fully designed and tendered as a single stage JCT 'design and build' contract, recommendations on tender award and associated financial approvals will be subject to a separate, future 'design and cost and tender award' report.
- An estimated cost of under £1m for the new modular accommodation is targeted, this will be subject to appointment of a specialist contractor and further development of the proposals. Full costs will be set out in a future 'design & cost report' following completion of the tender.

Recommendations

The Chief Officer Asset Management & Regeneration is recommended to:

- a) Approve the completion of a formal tender exercise for the selection of a construction contractor to deliver the new modular welfare and office accommodation for the Pottery Fields Highways depot utilising the Crown Commercial Services 'Off-site Solutions framework'.
- b) Approve the procurement methodology set out in section 3.0 of this report, in accordance with Contract Procedure Rule 15.
- c) Note, this report does not constitute a financial commitment to the Authority. A future 'Design Cost Report and Tender Acceptance Report' will follow upon completion of the tender exercise, detailed herein, should an appropriately qualified bid be selected.

1.0 What is this report about?

- 1.1. In accordance with Contract Procedure Rule 3.1.7, this report seeks approval to undertake a procurement exercise for the appointment of a construction contractor to deliver a new modular building at the Pottery Fields Highways depot. This will replace, and consolidate, existing life expired office and welfare accommodation, currently split across several buildings spread across the depot facility. The new provision will provide consolidated facilities that meet current workplace standards.
- 1.2. The scheme is subject to a 'design & build' process, based on a control option developed by NPS Leeds Ltd. in consultation with the Highways depot team. This approach will allow for maximum flexibility and value, as the control option can easily be adapted / interpreted by the varying modular build systems.
- 1.3. It is proposed to undertake an open competition, single stage procurement via the Crown Commercial Services Off-site Solutions framework, as the YORhub suite does not allow for modular build options. Each bidder will be assessed on 'price' and 'quality', with scoring weight 70% to the former and 30% to the latter, and a JCT 'Design & Build Contract' will be awarded to the highest scoring tenderer.
- 1.4. Approval is sought for the proposed evaluation methodology outlined in section 3.0.

2.0 Background

- 2.1. The depot at Pottery Fields has been subject to a wider review of Highways provision and has been subsequently identified as a facility that no longer meets the welfare standards that the Authority would want to provide for operational staff. This outcome has subsequently been supported at a senior level within the Council and the requirement to provide new accommodation at Pottery Fields, the second largest depot in the Council's portfolio, progressed.
- 2.2. A business case to redevelop Pottery Fields was compiled as a consequence of the review, this identified a number of key areas of concern which would be mitigated and addressed by new accommodation. The key points are noted below:
 - a) Current facilities that staff are expected to use are dated, there is a lack of drying facilities and inadequate washing areas. The buildings themselves have exceeded their design life and should be replaced.
 - b) There is a significant cost in repairing these buildings annually due to their age, this will only worsen as the units deteriorate further.
 - c) As part of LCC's Best Council Plan, and the values at the heart of this change request, the aim is to demonstrate to the staff that currently work from this location, that they are valued and that LCC provide them with an environment that they can feel proud to work in. It is hoped staff will feel that LCC is investing in them as a core group of front-line staff teams.
 - d) Health and Wellbeing of staff. The staff that are based at this location conduct a demanding, physical job that expels a lot of energy. This is more so the case during the winter months, due to the commitment that the authority has in treating the highway network during this time. Staff often need to use shower facilities and need adequate room to store wet clothes in drying areas. Through the winter months, staff work unsociable hours and will require a facility that will allow them to remain warm, with a space to relax prior to starting their next shift.

- e) The new facilities will adopt the 'Changing the Workplace' approach. The current office space consists of smaller, individual offices opposed to an open workspace. By creating an open workspace, it will promote better more inclusive working relationships. There is also a contingency built into the desk space to allow for hot desks, which will promote partnership working with other teams and services and offer potential for growth within the department.
- f) As the existing buildings have far exceeded their proposed lifespan, by introducing a new facility, it will reduce these ongoing maintenance costs significantly.

- 2.3. Based on the business case a "exceptional quality" modular build solution was proposed at Pottery Fields, adhering to 'change in the workplace' principles and providing a "inclusive, efficient, safe, secure and... collaborative workspace".
- 2.4. The current welfare and office provision at Pottery Fields is split across two core modular buildings, a two-storey unit and a single storey unit made up of several single modules connect to each other. The two-storey unit provides office space and welfare for operatives, with the single storey unit providing office and meeting space. It is proposed to replace both buildings with one large single storey modular building, placed adjacent to current provision to allow continuity of use during the construction phase. This new building will be optimised to maximise functionality of the floor space, bring the welfare and office provision closer together and ensure all building users have good quality and appropriate facilities for undertaking their roles. Critically, this will include modern shower facilities and a dedicated drying area for clothes and materials. Upon completion the legacy units will be demolished and removed from site, where possible two of the single steel-frame units will be retained and relocated if their condition is such to allow redeployment elsewhere. Car parking facilities will be re-lined to correlate with the new building position and pathways will be suitable protected and separated from the core traffic routes. Where practical, site security issues will be addressed through placement and location of the facilities, to provide oversight of key entry points.
- 2.5. A specification and 'control option' layout has been developed by NPS Leeds Ltd., in consultation with the depot management team, to address the core demands articulated in the Business Case. This will be utilised by bidders as part of the tender to provide a baseline cost for comparison and evaluation, the winning bidder will subsequently develop their own 'design & build' solution following further engagement with the project team and in keeping with their individual proprietary modular build systems.
- 2.6. Due to the system build nature of modular provision, with each supplier providing a bespoke solution, it is intended that the appointed contractor will develop a compliant scheme and submit the proposal for planning permission. As opposed to approval being sought on the 'control' option produced by NPS, advice will be sought from Planning as part of the subsequent development of the preferred bid.
- 2.7. As the YORhub suite of frameworks did not offer a modular build solution an assessment of alternative delivery mechanisms was completed by the PACS team. Four frameworks in total were considered, with the Crown Commercial Services framework being determined to present the best opportunity in this instance, as it provided a good selection of SME's including locally based firms, allowed for a mini competition to drive value and is public sector compliant. The framework was recently used by the Council to successfully deliver a modular building at a primary school in the city.
- 2.8. Following identification of the CCS framework as the most appropriate and expedient route to market an 'expression of interest' was issued to all bidders on the framework. Of the 15

firms on the framework approached five provided a response on the 'expression of interest' and noted an interest in bidding for the work.

3.0 Procurement Methodology & Evaluation Criteria

- 3.1. Due to the scale and technical complexity of the project it is not possible to utilise the internal service provider in this instance, as required under Contract Procedure Rule 3.1.4. Consequently.
- 3.2. As per Contract Procedure Rule 3.1.5, it was also explored if there was an exclusive supplier arrangement in place for such services and there is not.
- 3.3. In this instance Contract Procedure Rule 3.1.6, requiring project to utilise the YORhub suit of framework agreements, cannot be implemented as it does not offer a suitable mechanism for provision of volumetric modular accommodation.
- 3.4. In lieu of utilising YORhub discussion was held with the Procurement & Commercial Services team to identify delivery routes via alternative, pre-existing frameworks. Following this exercise, the Crown Commercial Services Off-site Solutions framework was deemed the most appropriate delivery route and has been utilised by the Authority in the past for projects of a similar type, scale, and complexity. The procurement will take the form of an open competition, with each contractor providing a response to the 'control' option developed by NPS Leeds Ltd, in their unique modular build system, with the project awarded as a JCT 'Design and Build' contract.
- 3.5. The proposed outline competition methodology is detailed below, this process will follow the requirements outlined in Contract Procedure Rule 15:
 - a) Officers from LCC Procurement & Commercial Services will administer the procurement process, answer enquiries from bidders following the provision of supplementary information from consultancy team via the Projects & Programmes lead.
 - b) Bidders will be invited to submit a tender and members of the evaluation panel will evaluate and score the information that has been submitted. The evaluation panel will be comprised of the officers from Projects & Programmes and LCC Highways, with the representatives from the client-side consultancy team, NPS Leeds Ltd., assisting in an advisory capacity should any technical questions arise during the evaluation process.
 - c) Tender submissions will be assessed 70% on 'price' and 30% on 'quality', with the contract being awarded to the tenderer who submits the most economically advantageous return. This 'price' and 'quality' percentage split is in accordance with the Crown Commercial Services Off-site Solutions framework mini-competition rules as required under CPR 15.2.
- 3.6. Each bidder will be assessed against a range of set 'quality' questions scored on a 0 to 10 basis, with zero being 'unacceptable' and 10 'outstanding'. A maximum of 300 points is available for the 'quality' assessment, equating to 30% of the overall points available.
- 3.7. Tenderers will then be evaluated on 'price'. The lowest cost bid will secure the maximum 700 points, equating to 70% of the overall points available, and the remaining tenderers will receive scores proportionate to their price deviation from the lowest cost bid.
- 3.8. Overall quality (30%) and price (70%) scores will be combined to create a total score, the highest scoring tenderer then recommended for appointment. Final award will be subject to a separate, future 'design cost report and tender report'.

3.9. Appropriate 'social value' criteria will be aligned to the project in consultation with the PACS team.

3.10. The draft timetable for procurement is summarised in section 10.3 of this report.

4.0 What impact will this proposal have?

4.1. The proposal outlined herein will allow the Council to award a construction contract for the delivery of new modular office and welfare accommodation at the Pottery Fields Depot. This will replace the existing life expired provision and provide accommodation meeting current standards, as well as allowing for consolidation of provision across the site thus freeing up area for future development and utilisation.

4.2. The condition of the existing modular accommodation is poor, with the welfare provision inadequate for the site's current needs and the office accommodation inefficiently laid out. Additionally, the building is exhibiting extensive condition issues which are increasingly uneconomical to repair due to the age of the provision. Without replacement with a new, modern building the risk increases of the depot buildings being no longer able to operate due to health and safety concerns.

4.3. Unavailability of the welfare and office accommodation will impede the ability to deliver resources out of the Pottery Fields Depot, thus impacting upon essential functions on the highways network.

5.0 How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

5.1. The provision of a new depot building will allow for modern facilities that comply with HSE standards, the Authority's 'change in the workplace' policy and provide operatives with a well-considered and improved working environment.

5.2. Utilisation of a modular solution will increase efficiencies on-site and allow for construction of the core accommodation in a controlled, factory environment. This will result in a smaller carbon footprint for the development compared to a traditional construction methodology, as well as resulting in a shorter construction period on-site. The buildings themselves will meet all current sustainability regulations and will result in a more cost-effective building to operate long-term. This will be supplemented with additional sustainability features, namely natural ventilation, and the potential for photovoltaic panels to the roof or use of an air source heat pump (subject to planning policy requirements), resulting in a building which will be energy efficient with a low carbon footprint. Further opportunities to expand the sustainability criteria of the building, beyond planning policy requirements, will be subject to design development and future approval.

5.3. Consultants and contractors are required to deliver a 'Social Value' commitment. This will involve using the local supply chain and local labour during the construction phase to ensure that growth in the city is inclusive and delivers benefits to all the people who live in our communities.

6.0 What consultation and engagement has taken place?

Wards affected: Hunslet & Riverside

Have ward members been consulted? Yes No

- 6.1. The Executive Member for Sustainable Development & Infrastructure has also been briefed on the proposal by Highways, this will continue through the design and delivery stages.
- 6.2. Ward members from Hunslet & Riverside wards will be briefed at the appropriate stage prior to submission of the planning permission application.
- 6.3. Development of the proposals for the renewed Pottery Fields Depot accommodation has been subject to extensive consultation with the facility managers, with the 'control' option and associated area schedule and specification being subject to 'end user' input, in addition to compliance with workplace regulatory requirements.
- 6.4. Procurement & Commercial Services have been consulted in the development of this report.

7.0 What are the resource implications?

- 7.1. An estimated cost of under £1m is to be sought for the modular building, this is purely for the building and excludes additional supporting works. Where possible the external works, bar setting up of the new building, will be completed by Highways using in-house resource.
- 7.2. Replacement of the legacy accommodation will result in a substantial reduction in maintenance costs due to the condition of the legacy buildings. The new buildings will have increased operational efficiency, which should contribute to reduced running costs.
- 7.3. It is anticipated that a mini competition from the CCS Off-site Solutions framework will help drive best value.

8.0 What are the key risks and how are they being managed?

- 8.1. The 'key risks' to the are summarised below:

- a) Procurement Interest

There is a risk that there is insufficient interest from contractors to bid for the work, this is considered a relatively 'low risk' however and has been mitigated by issuing of a 'expression of interest' proforma to the contractors on the CCS Framework. Of the 15 contractors on the applicable framework 5 have provided a positive response on the project and a desire to bid for the work once the tender is published. The response is in line with current market trends.

- b) Cost

The project is subject to several constraints which potentially impact upon the cost estimate, the key risk remains the need to keep the full depot facility operational. This potentially increases preliminaries cost and on-site complexity, by seeking a modular solution it is anticipated that this risk will be mitigated by maximising fit-out time in factory and reduce overall time on-site. Similarly, the opportunity exists to lift the modules into place during non-peak operational hours, e.g., the weekend.

Every endeavour is being sought to minimise expenditure and ensure value; it is expected that a mini competition will help drive this requirement.

c) Planning

The contracted bidder will be tasked with securing planning permission, this could not be achieved in advance due to the proprietary nature of modular build systems. As such the winning bidder will respond to the 'control' option issued in the tender and provide a solution that translates this into their specific system build. Whilst outline discussions have taken place with Planning on requirements for the site the full extent of planning risk will be unknown until the 'design & build' modular contractor has been appointed and developed the proposed solution sufficiently.

8.2. Risk has been managed through application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology. Project management resource from City Development is tasked with ensuring the project remains within the predetermined risk tolerances.

8.3. A project risk log will be developed with and will continue to be maintained and updated throughout the project. Escalation of risks that sit outside of the agreed tolerances will be managed via the Head of Projects and Programme, City Development.

9.0 What are the legal implications?

9.1. Following consultation with Procurement & Commercial Services (PACS) it was determined that, in lieu of a suitable solution via the YORhub framework, that the Crown Commercial Services framework offered the most expedient route to market whilst targeting contractors in the most advantageous financial bracket for this scale of this project. This framework has been approved for use by the Council in accordance with CPR Clause 12.2. 'Expressions of interest' were issued to the contractors on this Lot, with a total of 5 responses received wherein the contractor expressed an intent to bid for the work once it was published for tender.

9.2. In accordance with Article 13.4.2 (b) of the Council's Constitution this report is not considered a 'Key Decision' as a "further report will be submitted for approval of the proposal before the Council is committed to proceed". On this basis it is to be progressed as a 'Significant Operational Decision', in-line with Contract Procedure Rule 9.7 relating to 'high value' procurements.

10.0 Options, timescales and measuring success.

10.1. What other options were considered?

10.1.1. In accordance with the Contract Procedure Rule 3.1.4 utilisation of the Internal Service Provider (ISP) to complete the work was explored. It was determined that internal resource lacked the expertise to deliver a project of this scale and complexity. As such it was determined that a contractor must be procured

10.1.2. The Council explored the use of alternative frameworks for the procurement of this commission. However, the CCS framework was selected due to the range, locality, and expertise of the providers on offer. Several similar modular build frameworks were discounted as they did not offer the benefits provided by the CSS framework.

10.2. How will success be measured?

10.2.1. Success will be measured through the successful implementation of the procurement strategy within the project programme and delivery of the project in line with DfE grant funding conditions.

10.3. What is the timetable and who will be responsible for implementation?

10.3.1. Target key milestones and critical path programme dates are noted in the table below:

Milestone	Estimated Date(s)
Tender out	May 2024
Tender submission deadline	Mid-June 2024
Assessment & evaluation / Client review	Late June 2024
Approvals / Tenderers notified of outcome	July 2024
Contract awarded	July 2024
Design period	July 2024 to mid-August 2024
Planning period	September to December 2024
Construction period	January 2025 to March 2025
Completion	March 2025

11.0 Appendices

11.1. None.

12.0 Background papers

12.1. None.