

## Strategic Procurement

## CHECKPOINT REPORT 2: CONTRACT AWARD AND IMPLEMENTATION

This form is to ascertain that the requisite steps have been undertaken prior to contract award. This form applies to all procurements of goods and services above the EU Threshold (£164,176) and for works above £500,000 in value.

1. CONTRACT TITLE AND KEY PEOPLE							
Complete this section if this is the first checkpoint you have undertaken for this procurement. If you have already completed a Checkpoint 1, copy and paste the information from there to here and then go on to complete the rest of this document.							
Contract Title		SINGLE STOREY EXTENSIONS, REFURBISHMENT & EXTERNAL WORKS At PRS Havering (Robert Beard / Birnam Wood), Inskip Drive, Hornchurch RM11 3UR					
capitalEsourcing Reference	AF2504014			Report Date	09/03/2018		
Tender Manager		Directorate		Buyer Assigned			
Nicola Lorenzo Prandini, Architect		Asset Management		David Mulford		Category Specialist	
Value of Contract		Targeted Financial Savings		Bankable Savings			
£ 1,639,776.34		N/A		N/A			
Is budget available to proceed with this procurement?	Yes	*Please enter the budget code	A2382	If yes, is this a Revenue or Capital allocation?	Capital	Procurement to be Approved by? Including date	Key Executive Decision by Executive Director for Children & Learning (subject to Call-in)
Proposed Contract Start date	Proposed Contract End date		Is there an option to extend the contract?		If yes, give duration of extension option		
03/05/2018	15/12/2018		N/A		N/A		
Procurement route undertaken	Have you or your team received training on capitalEsourcing?		**Is there a current contract in place?		If yes, insert expiry date		
Single stage Design & Build Selective Tender below OJEU threshold	Yes		N/A		N/A		
Please state the Quality/Price threshold	Does TUPE apply to this exercise?		Have you considered Collaborative Working?		Have you used an eAuction or DPS?		
30% Quality / 70% Price	No		No		No. The construction Industry does not generally use e-auctions due to the extent of supply chain requirements which are procured at a later date. If the Contractor reduces their anticipated profits and overheads this will have an impact on the supply chain – mostly SMEs – with potential claims and impacts on fair payment etc.		
<b>Checkpoint 2 Summary</b>							

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*This report seeks authorisation to award, in accordance with the Contract Procedure Rules, a contract to Haynes and Smith in the sum of £ 1,639,776.34 to build (under a Design & Build) and refurbish at the Robert Beard / Birnam Wood Centre in order to provide school places to accommodate the Pupil Referral Service. This is to support with appropriate facilities the Council's duty to provide school places (alternative education) to pupils permanently or temporarily excluded from Mainstream Schools.*

#### CHECKPOINT PANEL RESPONSE

<b>Date of Checkpoint Panel</b>	28/03/2018
<b>Panel Members present</b>	Virtual Checkpoint

#### 1. CONTRACT TITLE AND KEY PEOPLE

*Checkpoint panel should insert any comments/and or recommendations here*

Contact title:

SINGLE STOREY EXTENSIONS, REFURBISHMENT & EXTERNAL WORKS

At PRS Havering (Robert Beard / Birnam Wood), Inskip Drive, Hornchurch RM11 3UR

Key People:

Nicola Lorenzo Prandini, Architect – Asset Management

David Mulford – Category Specialist

#### 2. PROJECT DEVELOPMENTS

*Checkpoint panel should insert any comments/and or recommendations here*

Not applicable.

#### 3. COMPLIANCE

*Checkpoint panel should insert any comments/and or recommendations here*

Fully compliant in line with the Council's Contract Procedure Rules and other relevant legislation.

#### 4. TENDERING PROCESS

*Checkpoint panel should insert any comments/and or recommendations here*

Single stage Design & Build Selective Tender below OJEU threshold

#### 5. FINANCIAL: BUSINESS CASE & BENEFITS REALISATION

*Checkpoint panel should insert any comments/and or recommendations here*

Phil Gable – Finance:

This scheme is part of the approved capital programme and follows the transfer of the PRS to Olive. There is £4.440m within the approved capital programme to fund this and associated schemes.

Budget of £4.440m and £483k spend to date leaving just under £4m to fund this contract and the other works required. Costs of this contract £1.639 can be contained within the budget remaining.

#### 6. CONTRACTING INITIATION & READINESS FOR SERVICE

*Checkpoint panel should insert any comments/and or recommendations here*

The service area are ready to award following governance approval. There is an implementation plan in place.

#### 7. PERFORMANCE MANAGEMENT

*Checkpoint panel should insert any comments/and or recommendations here*

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A contract manager has been identified. The Strategic Procurement Unit will provide training if required.

**8. ACHIEVABILITY**

*Checkpoint panel should insert any comments/and or recommendations here*

**CHECKPOINT PANEL OVERALL RECOMMENDATION**

*i.e. "Contract value over £1million in value – referred to Procurement Board for decision"*

Tara Philip – Legal:

- 1) Further clarity to be provided for the response in section 2.2 (Checkpoint 1 recommendations from panel) –noted that the tenders received were unsuitable. I assume a subsequent procurement process was undertaken and the scores in the report are the result of the same; please confirm.
- 2) To confirm that all 8 organisations were invited to tender for the works via Construction line.

The panel have agreed to proceed providing the finance queries above have been reviewed and both reports have been amended accordingly.

<b>Procurement to proceed to award contract?</b>	Yes
<b>Red, Amber or Green Status?</b>	Amber

**2. PROJECT DEVELOPMENTS**

**Complete this section if you have already completed a Checkpoint 1. If this is the first checkpoint you have completed, go on to section 3.**

**2.1 Changes since Checkpoint 1 report**

Describe any changes to the risk analysis, market analysis, or any other major changes since Checkpoint 1.

*Programme change*

**2.2. Checkpoint 1 recommendations from panel**

Detail below any Panel recommendations made at Checkpoint 1 and describe actions taken as a result of those recommendations.

*Since the CP1 committee approved this procurement route on the 18/10/17 eAuctions were considered. These were deemed unsuitable for the purposes of this scheme. See Part.1*

**3. COMPLIANCE**

**3.1 Existing Contract**

Is there a current contract in place?	No
<b>If there is a current contract or service in place go on to complete all the questions in this section. If this is the first time these goods or services are being procured, go on to section 3.2</b>	
Has the contract expiry date been extended?	N/A
If extended, give details of date of extension	Extended to N/A
Has permission been sought to extend the contract?	N/A

If yes, give details of Committee who granted extension	N/A
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3.2 Are all procurement documents stored on Capital eSourcing?	Yes
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3.3 Is there any form of commitment in place i.e. purchase order, letter of acceptance?	No
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3.4 Are there any other approvals needed (e.g. Contract award approval through a general or specific Officer delegation(s))?	Key Executive Decision (subject to Call-in)
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**4. TENDERING PROCESS**

**4.1 Tender Submissions**

Did you receive sufficient Tenders for effective competition? Was quality of bids satisfactory overall? Was there effective competition?

*The market was engaged and eight tenderers were invited to bid. Three bids were returned. The exercise provides guarantees of efficacy of competition.*

**4.2 Tender Evaluation**

Briefly describe the tender evaluation process undertaken, providing the evaluation model for both cost and quality.

Have any issues arisen during the evaluation, debrief or Alcatel (if applicable)?

Please describe any constraints which prevented you from getting maximum value for money out of this contract.

*The commercial element was checked arithmetically, and against trade current prices ranges. The quality element was evaluated by the Tender Evaluation Panel with scores 1-5 on the ten issued Quality Questions. The Tender evaluation Panel included a Health and Safety advisor, to ascertain the specific quality of the submission in relation to risks associated with the nature of the PRS activities.*

*The Quality Questions were as follows (detailed questions are collated to the ITT):*

1. SITE LOGISTICS 15%
2. STAFFING 10%
3. PROGRAMMING 10%
4. H&S SITE 5%
5. SUSTAINABILITY 5%
6. PROJECT RISK 25%
7. VALUE 10%
8. QUALITY CONTROL 5%
9. LIAISING 5%
10. FINANCIAL CONTROL 10%

*The results of the tender exercise and evaluation are listed below. The full tender report is attached as a confidential appendix.*

Total Score	Technical 30%		Cost 70%			
Haynes &	61 / 100 * 30	18.3	100/ 100 * 70	70.000%	88.30%	1

<i>Smith Ltd</i>						
<b>Contractor B</b>	64 / 100 * 30	19.2	87.90/ 100 *70	61.53%	80.73%	<b>3</b>
<b>Contractor C</b>	78/ 100 * 30	23,4	84.57/ 100 *70	59.20%	82.60%	<b>2</b>

**4.3 Unsuccessful Bidders**

Do you have plans for debriefing unsuccessful bidders?  
 Will or have bidders been surveyed, or feedback sought from bidders?  
 Is there any likelihood of challenge from unsuccessful bidders?

*Unsuccessful bidders will be debriefed and positive feedback provided, with indication of their strong and weak points, both on the quality and on the commercial submission. The likelihood of challenges is low. It is not possible to implement the voluntary standstill period and meet programme requirements.*

**4.4 Sustainability**

Please provide an update on sustainability risks and initiatives since Checkpoint 1-. Have tenders met all sustainability requirements? Have waste minimisation and disposal issues been fully addressed?

*The tenderers included within their offer proposals/ measures against the ER specifications that ensure sustainability requirements are met. These include operating the Considerate Constructor's Scheme and Site Waste Management Plan. A clause also relating to Employment and Skills is included. A clause outlining a Sustainable Timber Policy is included.*

**4.5 Diversity & Equality**

Have the diversity and equality issues associated with this project been considered? Have you considered an Equalities Impact Assessment action plan in the context of this procurement?

*An Equality Impact Assessment has been prepared and published as part of the Statutory Notification.*

**4.6 Contract Award**

Are you able to recommend a tender or tenders for acceptance? Does this tender achieve the original business objectives? If not, what are the issues, and how will they be addressed?

*Yes. The recommended tender offer is lower than the original expectation. This is due to the market remaining highly competitive at this value in these times of uncertainties.*

**5. FINANCIAL: BUSINESS CASE & BENEFITS REALISATION**

**5.1 Cashable Savings**

*There are no cashable savings related to this particular project however the cost of outsourcing the provision out of borough would have been expensive.*

Please explain any shortfall from original projections

N/A

**5.2 Headcount Reductions**

What is the estimated headcount reduction saving achieved through the contracting process?

N/A

**5.3 Other Efficiency Gains**

Describe the other, non-cashable efficiencies, including:  
 Minimising the cost of routine transactions; utilising ICT to reduce costs and improve

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performance; the procurement process (e.g. electronic tendering/e-auctions); process rationalisation/simplification/reducing non-value added work; reducing other costs – consumption, wastage, price, specification; inventory/cash flow savings; getting more for less/the same; improved quality

*Olive Academies will receive revenue funding direct from the Government therefore any efficiency gains will accrue to the Academy. However the scheme is designed with high levels of value engineering and looks at retaining and refurbishing existing dilapidated structures.*

#### 5.4 Benefits Realisation

How will benefits be measured and tracked?

Are you satisfied that the contract will deliver value for money throughout its life? What mechanisms does it include for continuous improvement?

*Benefits will be derived from the community engagement process e.g. apprentice scheme/work experience. Any other benefits will accrue directly to Olive Academies. There are no direct cashable benefits.*

## 6. CONTRACTING INITIATION & READINESS FOR SERVICE

### 6.1 Readiness for Service

Are all arrangements in place for the contract to be ready for commencement?

Will the supplier be ready to supply at full capacity from day one?

What arrangements have been made to ensure a successful start to the contract?

*Yes. The contractor has indicated as part of the tender submission readiness to mobilise to site to allow for timely delivery of the scheme.*

### 6.2 Change Management

Are there any organisational change management issues? Please describe how these will be managed.

*There is a change control policy in place, which insures that changes are categorised (Must Have / Important / Nice to have / Cosmetic), impacts analysed, costs (omissions or additions) valuated prior to decision. Consequently the Contract Administrator shall issue a change if required.*

### 6.3 Continuous Improvement & Price Reviews

What are the contract arrangements for price revisions? How will you ensure that continuous improvements will be secured in respect of cost?

*JCT 2016 Design & Build contract has specific provisions for variations during construction if required.*

### 6.4 TUPE

If TUPE applies to this contract please confirm that all arrangements are in place for an effective transfer of staff

*N/A*

### 6.5 Workforce Issues

Are there any other workforce issues (e.g. application of the Workforce Code of Practice) Have these been satisfactorily resolved? Please describe any continuing issues

*N/A*

## 7. PERFORMANCE MANAGEMENT

### 7.1 Contract Transition & Implementation

Are all arrangements in place for contract transition & implementation?



N/A	
<b>7.2 Performance Indicators and Management Information</b>	
<p>What are the performance indicators by which the success of the contract will be judged?                  What management information will be provided and at what frequency?                  Are you satisfied that Performance Indicators and management information are realistic and appropriate?</p>	
<p><i>The Key performance indicators for this project are listed below. Expected time of assessment indicated in brackets.</i></p> <ol style="list-style-type: none"> <li>1. PREDICTABILITY OF CONSTRUCTION TIME (Handover)</li> <li>2. PREDICTABILITY OF CONSTRUCTION COST (Handover)</li> <li>3. SCHOOL SATISFACTION WITH THE BUILDING (End of project)</li> <li>4. SCHOOL SATISFACTION WITH THE BUICONTRACTOR'S SERVICE (4 Weekly)</li> <li>5. DEFECTS (Handover)</li> <li>6. WASTE TO LANDFILL (Handover)</li> <li>7. HEALTH AND SAFETY (Continuous, collected 4 weekly – final calculation on Handover)</li> <li>8. LOCAL LABOUR (4 Weekly)</li> <li>9. SME ENGAGEMENT (4 Weekly)</li> <li>10. SME SPEND (4 Weekly)</li> <li>11. £/m<sup>2</sup> CONTRACT SUM (Award of Contract)</li> <li>12. £/m<sup>2</sup> ACTUAL COST SUM (Handover)</li> <li>13. FAIR PAYMENT (4 Weekly)</li> <li>14. CSS (Handover)</li> </ol> <p><i>Details of the target KPI and the calculation criteria are collated to the tender documentation.</i></p>	
<b>7.3 Contract Management</b>	
Have all arrangements been made for effective contract management?	Yes
Are sufficient Council and supplier resources available?	Yes
Is everybody involved in contract management aware of their responsibilities	Yes
Are you clear about the arrangements for contract review meetings?	Yes
<p>How will the contract and relationship management operate throughout the contract?</p> <p><i>Four weekly reviews shall be held. The contract administration shall chair. Technical Services shall assign a Clerk of Works of the project who shall visit site thrice a week and during any sensitive building phase. This will serve to manage closely the quality of delivery.</i></p>	

<b>8. ACHIEVABILITY</b>	
<b>8.1 Risk</b>	
<p>What are the key risks moving forward?</p> <ol style="list-style-type: none"> <li>1. Ability to award and sign main contract within timescale.</li> <li>2. Main contractor encountering challenges from PRS students.</li> <li>3. Main Contractor's ability to procure sub contractors and suppliers.</li> <li>4. Programme may be unachievable given the need to maintain operations.</li> <li>5. Unforeseen costs of contingency measures.</li> <li>6. Unforeseen costs of rectification works to existing building/ ground.</li> </ol>	

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How will these be managed/escalated?
<ol style="list-style-type: none"><li>1. <i>Contract to be awarded directly.</i></li><li>2. <i>Main Contractor to set up robust method statements and operatives inductions.</i></li><li>3. <i>Early award of main contract will allow early sub procurement.</i></li><li>4. <i>A contingency measure scheme is agreed with the end user.</i></li><li>5. <i>Contingency measures will be accounted as any other variation (Change Control)</i></li><li>6. <i>Early appointment of a D&amp;B team who will produce detailed structural design.</i></li></ol>
<b>8.2 Lessons learned</b>
What are the main lessons learned to date?
N/A