

Cabinet Member Delegated Decision Report 15 June 2018

Report title: Contract Award - Carnegie Building

Wards: Herne Hill

Portfolio: Councillor Sonia Winifred, Cabinet Member for Equalities and Culture

Report Authorised by: Sue Foster: Strategic Director for Neighbourhoods and Growth

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Report summary

This report summarises the results of the procurement process for Phase 2 of the project for Conversion and Fit Out works to redevelop Carnegie Library, including a new Neighbourhood Library. The Council received three bids and each of the bids were assessed in terms of quality and price. The recommendation is the award contract for Phase 2 works to G&V Joinery Limited.

Finance summary

The contract value for the phase 2 fit out works (without the roof terrace option) is £1,073,000. This will be funded through allocated capital funding and the joint GLL profit share development pot. There is an option to add a roof terrace for £100,000 which will be funded by Carnegie Community Trust (CCT).

Recommendations

1. To approve the award for Phase 2 of the redevelopment of Carnegie Library to G&V Joinery Limited for £1,173,001.60.

Reasons for Exemption from disclosure

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

1. Context

- 1.1 The Carnegie Library is a Grade II listed building. It closed on 31 March 2016 and it will reopen on completion of the works as a healthy living centre with a self-service neighbourhood library.
- 1.2 Works are to be carried out in two phases:
 - (a) Phase 1: Basement shell and core (excavation) works
 - (b) Phase 2: Conversion and Fit Out works, including the new Neighbourhood Library
- 1.3 Planning and Listed Building Consent (16/06270/FUL and 16/06271/LB) for the Phase 1 works was granted on 30 June 2017. The pre-commencement conditions for the planning and listed building consent for the Phase 1 works 17/03247/DET were discharged on 31 August 2017. The Phase 2 works do not require further planning permission.
- 1.4 Greenwich Leisure Limited (GLL) and its agent, iCon Building Consultancy, are acting on behalf of Lambeth Council as project managers for the basement works. Following a competitive tendering exercise, Forcia Limited was awarded the contract for Phase 1, Basement Excavation and underpinning of Carnegie Library. Works commenced on 4 September 2017 and has now been completed. The site has been handed over to the Council by Forcia Ltd on 4 May 2018.
- 1.5 The total cost of redeveloping Carnegie Library, including both Phase 1 and 2, is projected at £2.8m. The funding for this award is comprised of £2m of Capital Receipts and £800,000 from the joint proceeds of the profit share agreement between LB Lambeth and Greenwich Leisure Ltd (GLL) via the Council's Leisure Contract.
- 1.6 The principle of creating a Healthy Living Centre and Neighbourhood Library at Carnegie was set out in the Culture 2020 Report approved by Cabinet on 12 October 2015.

2. Proposal and Reasons

- 2.1 A procurement exercise was carried out using a 2 stage restricted procedure by inviting pre-qualified and available suppliers through construction line to the tender/method statement stage. The value of the project is below the £4,551,413 EU threshold for Works but is above Lambeth's £100,000 tendering threshold. The advantage of advertising on Construction Line for accredited suppliers (£160,000 to £4m) is that we can secure bids for a bespoke conversion and fit out works project and hopefully maximise the number of genuine bids received.
 - iCon Building Consultancy prepared the Plans, Specification and Schedule of Works as part of the Tender Documents. The Council used the following Construction Line pre –set criteria “filters” to shortlist suppliers that were invited to express their interest;
 - Building refurbishment over £15,000
 - £1m value
 - Level 3 accreditation
 - Greater London or East region
- 2.2 The shortlisting listing exercise produced a list of 13 suppliers. The 13 suppliers were then asked to provide an expression of interest and 4 suppliers confirmed their availability/interest in bidding for the Phase 2 contract. The following 4 suppliers only were invited on 16/03/18 to submit a tender through EU Supply, Lambeth's online tendering portal:
 - Collins Contractors, Registration no: 7678 - London
 - Niblock Building Constructors, Registration no: 4256 - London
 - Conamar Building Services Ltd, Registration no: 47331 - East

- G&V Joinery Limited, Registration no: 170849- East

The deadline for the 4 invited suppliers was 20 April 2018. Three bids were received from G&V Joinery Limited, Collins Contractors and Conamar Building Services Ltd.

- 2.3 The procurement was conducted on a 30% quality/70% price ratio. The evaluation panel assessed tender responses to the quality questions outlined in table 1 and the marking scheme outlined below. Only if the response achieved the minimum acceptable Quality Score were included in the Price Evaluation process.
- 2.4 The evaluation exercise considered a number of factors project team experience, project management methodology, work programme, partnership management, contract management, health and safety, and social value detailed further in Table 1. The evaluation team scored each bid individually based on the scoring methodology set out in 2.9 below. The panel then convened as a group, to apply a final score by way of consensus. Full details of the scoring is available in part 2 of this report.
- 2.5 The evaluation was based on the following:

Table 1: Quality Evaluation Criteria

Question	Maximum Score per question	Weighting	Minimum Acceptable Score
1. Project team experience - The Authority wishes to assess the capability of the key personnel that are being assigned to this project. Please provide the names, CV's, professional membership details, roles and the technical expertise & experience of key staff that will carry out the assignment including a named team leader, sub-contractors and members of consortia if involved on the project. Please provide examples showing key contributions and successes that were obtained when delivering similar activities described in the specification Maximum 1000 words	0-5	30	3
2. Management & Methodology - The Authority wishes to assess how this project will be project managed. Please describe your proposed management structure and your proposed project management approach including proposed links with the Authority and its stakeholders. Maximum 500 words	0-5	20	3

Question	Maximum Score per question	Weighting	Minimum Acceptable Score
<p>3. Timetable / Work Programme - The Authority wishes to assess the proposed timetable of the supplier as well as the supplier's understanding of core milestones. Please provide design programmes specific to the project showing the Critical Path for delivery. Please also include actions to be undertaken, outputs and milestones. The timetable should include a list of planned project meetings, attendees and expected frequency. It is important to note that the programme should comply with the timescales for delivery, as described in the specification. Maximum 500 words</p>	0-5	20	3
<p>4. Partnership Working - The Authority wishes to assess how the supplier will work with key partners and stakeholders. Please detail how you would sustain effective relationships with a wide range of stakeholders including public bodies, voluntary groups and funding agencies and in managing competing interests and resolving conflicts. Maximum 500 words</p>	0-5	10	3
<p>5. Contract Management - The Authority wishes to assess the supplier's approach to Contract Management. Please outline your experience of producing tender documentation, tendering and managing contracts for works on a similar scale with a similar regeneration / restoration focus. Maximum 500 words</p>	0-5	5	3
<p>6. Health and Safety - The Authority wishes to assess the suppliers approach to Health and Safety. Please outline the key Health and Safety considerations of this project and any tools you will use to comply with Health and Safety legislation. Maximum 500 words</p>	0-5	10	3

Question	Maximum Score per question	Weighting	Minimum Acceptable Score
7. Social Value - The Authority wishes to assess the social value the supplier can add to the project. Please detail any opportunities within your proposal to offer wider social benefits to the Lambeth Community, which could include, for example, initiatives on local employment, apprenticeships, London Living Wage and so on. Maximum 500 words	0-5	5	
Total Score (Quality Evaluation Mark)		100	
Quality Score (30% weighting applied)			

The questions which are indicated with appropriate weightings were evaluated by the panel and the appropriate score was agreed and added to form the total Quality Evaluation Mark. The score achieved for this section, Quality Evaluation Mark, was weighted at 30% to give the final score for quality (Quality Score).

- 2.6 Potential Providers were required to achieve the minimum acceptable score, as described, for each of the questions in Table 1 above. Only those responses which achieved the minimum acceptable Quality Score were included in the Price Evaluation Process.

Marking Scheme

- 2.7 Potential providers were marked in accordance with the following scoring matrix:

Score	Rating	Description
0	No Response	No proposal has been received
1	Unacceptable	<p>A proposal at this rating:</p> <ul style="list-style-type: none"> Builds very little or no confidence that the Tenderer can deliver the requirements due to insufficient evidence of relevant ability, understanding, skills, resources and quality measures; Builds very little or no confidence that the Tenderer's approach/solution will deliver the requirements due to insufficient evidence or an inappropriate approach/solution.
2	Poor	<p>A proposal at this rating:</p> <ul style="list-style-type: none"> Raises reservations that the Tenderer can deliver the requirements due to insufficient evidence of relevant ability, understanding, skills, resources and quality measures; Raises reservations that the Tenderer's approach/solution will deliver the requirements due to insufficient evidence or an inappropriate approach/solution. <p>Note: a response at this rating includes reservations which cannot be easily resolved with the Tenderer pre-contract award (i.e. changes</p>

Score	Rating	Description
		which would distort the competition) or during the contract term without impacting time, quality or cost.
3	Acceptable	<p>A proposal at this rating:</p> <ul style="list-style-type: none"> • Confirms that the Tenderer can deliver the requirements through evidence of relevant ability, understanding, skills, resources and quality measures; • Provides an acceptable approach/solution to delivering the requirements utilising standard strategies, plans, tools, methods or technologies. <p>Note: an acceptable response may include minor reservations that can easily be resolved with the Tenderer pre-contract award (i.e. changes which would not distort the competition) or during the contract term without impacting time, quality or cost.</p>
4	Good	<p>A proposal at this rating:</p> <ul style="list-style-type: none"> • Builds confidence that the Tenderer can deliver the requirements through evidence of relevant ability, understanding, skills, resources and quality measures; • Provides a good approach/solution to delivering the requirements utilising appropriately tailored strategies, plans, tools, methods or technologies. <p>Note: a good response may include a small number of minor reservations that can easily be resolved with the Tenderer pre-contract award (i.e. changes which would not distort the competition) or during the contract term without impacting time, quality or cost.</p>
5	Excellent	<p>A proposal at this rating:</p> <ul style="list-style-type: none"> • Builds a high level of confidence that the Tenderer can deliver the requirements through evidence of relevant ability, understanding, skills, resources and quality measures; • Provides an exceptional approach/solution to delivering the requirements utilising appropriately tailored and at times innovative strategies, plans, tools, methods or technologies. <p>Note: an excellent response should not include any reservations.</p>

Price Evaluation

2.8 Bidders were asked to price against a pricing schedule that was evaluated. The Evaluation panel reviewing the pricing (Commercial) element of the submissions at the ITT stage were:

- Procurement team
- Lead Consultant – Project Manager (Icon),

Price

2.9 For price, each submission will be assessed on the total cost of delivering the programme, using the following equation:

$$\text{Price score} = \left(100\% - \frac{(\text{Tendered price} - \text{lowest price})}{\text{Lowest price}} \right) \times \text{Price Weighting}$$

For example;

A= Tendered price					
B= lowest price =	110000				
Price Score = (100% - (A-B)/B)*70					
Bidder	Tendered Price	Difference from lowest bid	Percentage difference from lowest bid	Percentage of marks awarded	Price score
1	110000.00		0	100.00%	70.00
2	135000.00	25000.00	25	75.00%	54.09
3	150000.00	50000.00	50	50.00%	44.55

2.10 The Price Score (70% weighting applied), was added to the overall Quality Score (30% weighting applied), to give a final score for each Potential Provider (Final Score).

2.11 The contract will be awarded to the supplier with the highest Final Score. Feedback will be supplied to unsuccessful bidders.

2.12 Details of the pricing submitted by the bidders and the Price Score are contained in the part II report.

3. Finance

3.1 The contract award for G&V is £1.073m which will be jointly funded through allocated capital funding and the GLL profit share development pot.

3.2 In addition, the contract award allows for a provision of a roof garden at a cost of £100,000. The service have confirmed that this will be required to be funded by the CCT.

3.3 Part II of the report details the full Carnegie statement of account. This does not include any further works required on the building (as per the risk register in part 6) and future running costs. Any funding shortfall for the Healthy Living centres programme as per the Culture 2020 report, will need to be addressed via the Asset Investment Management Group

4. Legal and Democracy

4.1 The Cabinet Member for Equalities and Culture has the delegated authority to approve the recommendation in this report.

4.2 The value of the contract is below the threshold at which works contracts should be published in the Official Journal. In running a competitive tendering exercise public authorities may restrict the list of contractors invited to tender to a pre-selected group, such as Constructionline. The Council is required to award the contract to the most economically advantageous tender. The Council is advised to observe an informal standstill period before entering into contract.

4.3 This proposed key decision was entered in the Forward Plan on 10 November 2017 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the

report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

5.1 This contract award is linked to the creation of new healthy living centre as outlined and consulted on in the Culture 2020 Cabinet Report.

6. Risk management

6.1 The following risks have been realised on the risk register:

Risk Matrix	Risk Owner	Likelihood	Consequences	Risk
<i>Roof repaired</i>	<i>FM</i>	3	5	Critical

Risk Mitigation	Mitigation
<i>Roof repaired</i>	<i>FM to supply regular updates. Library roof needed to be repaired during phase 2 programme.</i>

		Consequences					
		Marginal	Minor	Moderate	Major	Severe	
		1	2	3	4	5	
Likelihood	Certain	5	Medium	High	High	Critical	Critical
	Likely	4	Medium	Medium	High	High	Critical
	Possible	3	Low	Medium	Medium	High	Critical
	Unlikely	2	Low	Medium	Medium	Medium	High
	Rare	1	Low	Low	Medium	Medium	High

6.2 Localised roofing repairs have been undertaken to address specific issues to front two roofs at Carnegie. It is envisaged that the repairs will be completed in time for the works to commence on the affected areas.

6.3 The budget for the project contains a 10% contingency sum to deal with any unexpected expenditure.

6.4 The project is expected to be completed in November 2018. Any delays to the project will result in delays to the gym opening. However, a full Library service is currently operating in the building and will continue to operate throughout the programme.

7. Equalities impact assessment

7.1 This contract award is linked to the creation of new healthy living centre as outlined and consulted on in the Culture 2020 Cabinet Report which was subject to an EIA.

7.2 The purpose of this construction project is to breathe life back into the building. The authority has had to take an entrepreneurial approach to find a solution to offer a library service at Carnegie. The Council's business case seeks to open up a gym in the basement of the Library. This construction project serves to support once again bringing about a functional library in the building.

7.3 This will be achieved by generating a rental income following the excavation of the basement of the building which can then function as a gym. A rental income and possible profit sharing arrangement will be integral if the Library is to have a future.

7.4 The income generated will also be critical for any successful organisations who may have submitted an interest in managing the Library, in alignment with the Council's community asset transfer policy. The building can then again function as a community hub, with the advantages of having a Library, Gym and community space. The aspiration of the Council is that the Library will be run by the community for the community, once again mitigating the temporary equalities impact the closure would have had on those that regularly frequented the building in the past.

8. Community safety

- 8.1 There are no specific issues relating to the crime and disorder act in relation to this project.
- 8.2 Upon completion of the works, Greenwich Leisure Limited will assume responsibility for all aspects of safety in relation to the use of the building.

9. Organisational implications

9.1 Environmental

The building has been assessed for Building Control measures and all Planning Conditions associated with the Planning and Listed Building consent have been complied with.

9.2 Staffing and accommodation

When the building reopened as a Neighbourhood Library, the library was staffed initially with funding from relevant S106 library contributions. Eventually, the building will be staffed primarily by CCT or GLL staff.

9.3 Procurement

A 2 stage Procurement tendering exercise was carried out using the Restricted procedure. The procurement was conducted on a 30% quality/70% price ratio.

G&V's tender submission included details of how local labour will be sourced including 20% employment from local businesses and how the bidder will employ apprentices from local people during the construction phase. The contractor will pay more than the London Living Wage, with no zero hour contracts. However, due to the short length of the scheme there will be minimal amount of apprenticeships available.

9.4 Health

The aim of this project is to create a gym and Healthy Living Centre in the basement, a Library and community space.

10. Timetable for implementation

10.1 Below is the revised timetable for the works at Carnegie:

Revised Programme																
May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Planning				Phase 1 Basement Excavation							Fit Out				Building Opens	
							Variation for Library Fit Out			Library Opens & CCT Part Occupy						

Timetable for Contract implementation

Offline Procurement Board	30/05/18
Report published	07/06/18
Successful and unsuccessful tenderers notified	07/06/18
Cabinet Member to sign (Decision Date)	15/06/18
Council Call-in (10 days clear days)	15/06/18- 22/06/18
Signing of contract	25/06/18
Contract start date	26/06/18

Audit Trail				
Consultation				
Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Sue Foster	Strategic Director, Neighbourhoods and Growth	30/052018	04.06.18	
Cllr Sonia Winifred	Cabinet Member for Equalities and Culture	30/05/2018	04.06.18	
Sandra Roebuck	Director, Growth Planning and Employment	15/05/2018	16/05/2018	throughout
Andrew Ramsden	Assistant Director, Finance (Neighbourhoods & Growth)	14/05/2018	17/05/2018	3
David Thomas	Contracts Lawyer	14/05/2018	18/05/2018	4.1
Maria Burton	Democratic Services	21/05/2018	21/05/2018	4.3
Michael Munnelly	Capital Programme Manager	14/05/2018	15/05/2018	throughout
Helen Lee	Procurement	21/05/18	21/05/2018	throughout

Report History	
Original discussion with Cabinet Member	November 2017
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	10 November 2017
Key decision reasons	Financial – expenditure or savings of over £500,000
Background information	Cabinet, 12 October 2015, item 3: Culture 2020 Procurement Strategy Report for Phase 2 of redevelopment of Carnegie Library to a Healthy Living Centre
Appendices	None

APPROVAL BY OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** 15 June 2018

Post: Benny Clutario – Strategic and Local Investment Lead

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ **Date** 15 June 2018

Post: Councillor Sonia Winifred, Cabinet Member for Equalities and Culture

Any declarations of interest (or exemptions granted):

Issue	Interest declared
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