

Report to the Council Housebuilding Cabinet Committee



**Epping Forest
District Council**

Report reference: CHB-007a-2017/18

Date of meeting: 5 April 2018

Portfolio: Housing – Cllr S. Stavrou

Subject: Appointment of Framework Consultants and Contractors for the future delivery of the Council House-building Programme – Approval of Tenders

Responsible Officer: Paul Pledger – Asst. Director (Housing Property & Development) (01992 564248)

Democratic Services: Jackie Leither

Recommendations:

- (1) That, following an open procedure EU Procurement Exercise, the Consultants listed below be appointed, based on a Quality/Price/Interview (50/40/10) evaluation methodology, to assist the Council with the future delivery of the Council House-building programme -
 - a. ECD Architects Ltd be appointed based on an overall weighted score of 93.78% as the Architects and Multi-disciplinary Design Team (MDDT); and
 - b. Airey Millar Ltd be appointed based on an overall weighted score of 94.56% as the Employers Agents.

- (2) That, following an open procedure EU Procurement Exercise, the list of Framework of Contractors below be agreed, based on the first stage of a 2-stage tender process using a Quality/Stage one Price/Interview (60/30/10) evaluation methodology, from which second stage tenders will later be sought to construct the future delivery of the Council House-building programme –
 - a. Neilcott Construction Ltd, based on an overall weighted score of 96.59%
 - b. Roof Ltd, based on an overall weighted score of 85.59%
 - c. TSG Building Services Ltd, based on an overall weighted score of 74.35%
 - d. Indencon Building Ltd, based on an overall weighted score of 65.91%

Reasons for Proposed Decision:

The Council's procurement rules require a Cabinet decision to award any contract over £1m. However, the Cabinet Committee have been delegated authority by the Cabinet to approve any tenders relating to the Council House-building Programme.

By appointing these Consultants and Contractors it will lead to the formation of a multi-disciplinary design and build team that will work alongside the Council's Development Team that will take over from the previous approach that was led by East Thames as Development Agents.

Other Options for Action:

1. To employ the relevant resources in-house to deliver the programme directly.

Background

1. At its meeting in January 2018, the Cabinet Committee were advised that East Thames were exercising their right to end their role as Development Agents and as a result considered a report on a way forward in terms of delivering the future phases of the Council's House-building programme.
2. That report explained how the Council had reviewed its approach based on its experiences over the last 4-years, and how it would deliver a more efficient service and de-risk some of the aspects of the programme that have so far resulted in additional costs across schemes that are on site. This included dealing with ground contamination, drainage, foundations and advancing the designs to a more detailed stage prior to appointing the Contractor. The Cabinet Committee were advised that this would require an EU procurement exercise in order to make the necessary appointments.
3. The Council appointed a specialist procurement consultant, Cameron Consulting to undertake the EU Procurement exercise to pull together the framework of various Consultants and Contractors.
4. Notices were placed in the European Union Journal for a Multi-Disciplinary Design Team (MDDT), Employers Agents and Contractors, where expressions of interest were received and evaluated based on quality, price and interview to explore the approach that they would take to engage and deliver as part of a team on behalf of the Council.
5. Tenders were received and evaluated independently of the Council followed by a moderation exercise that included Officers. The interviews took place between Monday 19 March and Wednesday 21 March 2018.

Consultant Frameworks

6. The appointment of the Consultants was based on the "Direct Award Procedure" as these are "Single Provider" frameworks, and is the default method of awarding services under a framework.
7. The Council sought two separate Services contracts, one for a multi-disciplinary Design Team (MDDT) making up Architects, Civil and Structural Engineers, M&E Engineers and Principle Designers and a second for the Employers Agent and Cost Consultant role (EA).
8. The tenders were based on quality, price and interview using a weighting of 50:40:10. With each bidder required to submit a framework price based on a project fee for core services and a time charge for specialist services along with a written submission and subject to their overall score, shortlisted Consultants were invited to attend an interview. The written submission (quality evaluation) was based on each bidders response to questions around General Management & Resources, Stakeholder Engagement & Collaboration, Performance Management, Social Value, Business Continuity, Resilience & Risk, Commercial, Overall approach & methodology, Outline

Project Plan, Resource Schedule, Project Risk Register, Two Stage Design & Build and Design Challenges.

9. There were a combined number of 143 expressions of interest for each of the MDDT and EA roles, which resulted in just three formal bids for the MDDT Consultant and five bids for the EA Consultant.
10. The tenders were primarily evaluated by Cameron Consulting Ltd with Council Officers undertaking a final moderation exercise. This approach maintained a reasonable level of independence in the selection process.
11. The two tables below summarises the scores for each of the bidders:

Final Summary – Lot 1 Multi-Disciplinary Design Team

Tenderer	Rewighted Quality (Desktop)	Rewighted Quality (Presentation)	Cost	TOTAL
Available Score	50.00%	10.00%	40.00%	100.00%
ECD Architects Ltd	50.00%	10.00%	33.78%	93.78%
Pellings LLP	40.63%	6.50%	40.00%	87.13%
Duggan Morris Architects	33.24%	0.00%	0.00%	33.24%

Final Summary – Lot 2 Employer’s Agent/ Cost Consultant

Tenderer	Rewighted Quality (Desktop)	Rewighted Quality (Presentation)	Cost	TOTAL
Available Score	50.00%	10.00%	40.00%	100.00%
Airey Miller Limited	44.87%	10.00%	39.69%	94.56%
Macegreen Consulting Limited	50.00%	5.41%	35.18%	90.59%
Frankham	43.27%	7.03%	37.11%	87.41%
Equals Consulting	41.99%	8.11%	37.28%	87.38%
PDSI Construction Consultants (Initiate Consulting)	36.22%	0.00%	0.00%	36.22%

12. Based on the results of the tender exercise, it is therefore recommended that ECD Architects Ltd be appointed as the Architects and Multi-disciplinary Design Team (MDDT) based on an overall weighted score of 93.78% and Airey Millar Ltd be appointed based on an overall weighted score of 94.56% as the Employers Agents.

Contractors Framework

13. The appointment of the Contractors is based on the “Competitive Award Procedure” where the principal method of awarding “Work” under the Framework will be through conducting a second stage competitive procedure, with all Framework Contractors being invited to participate in each mini-competition.
14. The framework for Contractors was procured based on a 2-stage tender approach, with the first stage evaluated using a quality/price/interview (60:30:10) weighting. The written submissions were similar to those of the Consultants, and those shortlisted were invited to attend an interview. The priced element was based on the following:

- a. Percentage rates for Central Office Overheads and Profit
- b. Fixed Sum for Site Overheads (Preliminary Costs)
- c. Fixed Sum for Design Fees
- d. Fixed Sum for Pre-Construction Activities
- e. Maximum Target Rate for price per square metre for the build cost

15. At this stage the Council is looking to shortlist a maximum of four Contractors to proceed to the second stage tender. The second stage tender will follow at a later stage once the detailed design for each site has been finalised. The second stage tender will be subject to a separate report in line with the Council's Procurement Rules

16. There were 36 expressions of interest and from these there were eight submitted bids. The table below summarises the scores for each of the bidders:

Tenderer	Reweighted Quality (Desktop)	Reweighted Quality (Presentation)	Cost	TOTAL
Available Score	60.00%	10.00%	30.00%	100.00%
Neilcott Construction Limited	60.00%	10.00%	26.59%	96.59%
Rooff Limited	55.90%	9.00%	20.69%	85.59%
TSG Building Services Plc	48.25%	8.50%	17.60%	74.35%
Indencon Building Limited	44.86%	7.50%	13.55%	65.91%
Mears Limited trading as Mears New Homes	43.73%	7.50%	0.00%	51.23%
Bugler Developments Limited	42.59%	8.25%	0.00%	50.84%
P.A Finlay & Co Ltd	34.81%	0.00%	0.00%	34.81%
Storm Building Limited	28.30%	0.00%	0.00%	28.30%

17. Based on the results of the tender exercise, it is therefore recommended that the following four Contractors be shortlisted to form the framework from which the second stage are later sought:

- a. Neilcott Construction Ltd, based on an overall weighted score of 96.59%
- b. Rooff Ltd, based on an overall weighted score of 85.59%
- c. TSG Building Services Ltd, based on an overall weighted score of 74.35%
- d. Indencon Building Ltd, based on an overall weighted score of 65.91%

Resource Implications

The Council will benefit from a saving of £550,000 as a result of not using East Thames as its Development Agents.

The cost of appointing the Framework Consultants will be reported as a supplementary report once the Consultants tender evaluation report has been received in due course.

Legal and Governance Implications

EU Procurement Rules dictate that any contract for works with a value in excess of £4,104,394 for works and £106,047 for Services must be tendered in accordance with European Procurement legislation.

The Council has its own set of Procurement Rules, which refers all contracts in excess of EU thresholds must be procured in accordance with European Procurement legislation.

Safer, Cleaner and Greener Implications

None

Consultation Undertaken

None relevant at this stage

Background Papers:

- Previous reports to the Cabinet Committee on procurement options in July 2013 and January 2016
- A report to the Cabinet Committee on the future delivery of the Council House-building Programme for future phases reported in January 2018.
- The Council's Development Strategy

Risk Management

There is a comprehensive risk register that has been compiled and is being monitored in respect of the house-building programme. Each risk, where appropriate has a risk mitigation action plan.

A detailed examination of the advantages and disadvantages as well as associated risks to this approach were reported to the Cabinet Committee in January 2018.

Equality Analysis

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to the report and is included on the main agenda.