

## PT4 - Committee Procurement Report

This document is to be used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.

### Introduction

<b>Author:</b>	Diana Morris		
<b>Project Title:</b>	Cremator Replacement – City of London Cemetery and Crematorium		
<b>Summary of Goods or Services to be sourced</b>			
To replace the crematorium’s aging cremators with new, more efficient and environmentally friendly units. This will ensure the sustainability of the service provided by the City of London Cemetery & Crematorium.			
<b>Contract Duration:</b>	TBA	<b>Contract Value:</b>	£970,000 (budget in the Committee Gateway 3-4)
<b>Stakeholder information</b>			
<b>Project Lead &amp; Contract Manager:</b>	<b>Category Manager:</b>	<b>Lead Department:</b>	
Gary Burks	Diana Morris	Open Spaces	
<b>Other Contact</b>		<b>Department</b>	

### Specification Overview

<b>Summary of the Specification:</b>
No specification provided, see summary above.
<b>Technical and Pricing evaluation ratio</b>
60% (Technical) / 40% (Price)
<b>Is the contract likely to require financial uplifts? (Please describe what method will be used to calculate the uplift and whether this will be capped)</b>
<b>Project Objectives:</b> The project is to protect and maintain cremation services provision at the City of London Cemetery and Crematorium, improve energy efficiency and reduce pollution by replacing the old cremators with new ones.
<b>Does the scope of the project include the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></b>
<b>If yes, have you defined roles and responsibilities within your project specification? For more information visit <a href="#">Designing Specifications under GDPR</a>. You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to Committee (for information).</b>

### Customer Requirements

<b>Target completion date</b>	August 2019	<b>Target Contract award date</b>	September 2019
<b>Are there any time constraints which need to be taken into consideration?</b>			
The project requires six months lead in period.			
<b>Efficiencies Target with supporting information</b>			
The new cremators will be energy efficient approximately 5 - 10% less energy will be required to run the system.			

### City of London Initiatives

<b>How will the Project meet the City of London’s Obligation to</b>
<b>Adhere to the Corporation Social Responsibility:</b>
Yes – appropriate RP questions will be agreed with the RP Manager and the PM. The recommended option meets the OSPAR convention recommendations for the abatement of mercury and other toxins.
<b>Take into account the London Living Wage (LLW):</b>
Yes – this will be included within the tender documentation
<b>Consideration for Small to Medium Enterprises (SME):</b>
Yes
<b>Are there TUPE/Pension liabilities that need to be considered?</b>
<b>Other:</b> N/A

## Procurement Strategy Options

<b>Option 1: Traditional Client Led</b>
<b>Advantages to this Option:</b> Cost certainty Client retains control of the design and cost management Finalised design Contractor is wholly responsible for achieving the stated quality.
<b>Disadvantages to this Option:</b> An underperforming supplier will be on the project unless lengthy legal issues are resolved due to performance. No design changes without varying the contract
<b>Please highlight any possible risks associated with this option:</b> In retaining control of design client continues to take risk which is otherwise transferred by a design & build strategy
<b>Option 2: Contractor's Design portion (Single Stage)</b>
<b>Advantages to this Option:</b> Opportunity for efficiencies to be found by the contractor within the element of design they are responsible for. Contractor will design specific parts of the works
<b>Disadvantages to this Option:</b> Any changes to the design can be very costly The contractor can over evaluate the risk involved in the project with increased costs Increase costs in design elements for the Contractors design
<b>Please highlight any possible risks associated with this option:</b> No early contractor involvement in design development.
<b>Option 3: Design &amp; Build (Two Stage)</b>
<b>Advantages to this Option:</b> Early engagement of the contractor, can start certain works before the pre-construction commences. Buildability and affordability are considered during development of detailed design at second stage of two stage
<b>Disadvantages to this Option:</b> Procurement phase will be increased for incorporating two stage construction process. Design variations after award can be costly to CoL and diminish the transfer of design risk onto the contractor. Price can be inflated due to contractor's perception of risk (use second stage process to mitigate risk). Contractor not performing during the design stage could result in the contractor not being awarded the "Works" contract, thus resulting in a new tender exercise for the procurement of the works which is more time and resource.
<b>Please highlight any possible risks associated with this option:</b> Two stage construction process can be used to manage design risk before award of contract.

## Procurement Strategy Recommendation

<b>City Procurement team recommended option</b>
Option 2 - Contractor's Design Portion is the recommended option. The new cremators will require specialist installation. The successful contractor will have to design the method of installation.

## Procurement Route Options

*Make v buy to be considered; also indicate any discarded or radical options*

<b>Option 1: OJEU – N/A</b>
<b>Advantages to this Option:</b>
<b>Disadvantages to this Option:</b>
<b>Please highlight any possible risks associated with this option:</b>
<b>Option 2: Sub OJEU – Advertised Opportunity</b>
<b>Advantages to this Option:</b> Advertise to seek competitive responses from the market Potential wider range of suppliers Only companies interested in tendering for this opportunity will submit bids
<b>Disadvantages to this Option:</b> No limit on the number of bidders that respond Potential for lengthy process as all the responses have to be evaluated Higher level of resources required to deliver the procurement procedure
<b>Please highlight any possible risks associated with this option:</b> Availability of resources to run this project

<b>Option 3: External Framework – Mini Comp</b>
<b>Advantages to this Option:</b> Quick route to market reducing timescales Compliant procurement route Limited number of responses to evaluate
<b>Disadvantages to this Option:</b> Limited market place Framework capacity to meet the timescale
<b>Please highlight any possible risks associated with this option:</b> Framework busy, suppliers can be more selective in the type of projects that they respond to.

### Procurement Route Recommendation

<b>City Procurement team recommended option</b>
Option 2 Sub OJEU – Advertise opportunity is recommended as the best option due to the specialist nature of these works.

### Price Mechanism

<b>Option 1: Lump sum fixed price</b>
<b>Advantages to this Option:</b> Cost and quality certainty The specification can provide a cost breakdown of the works
<b>Disadvantages to this Option:</b> Quality and cost certainty but at the expense of time Can be more costly to cover unforeseen circumstances
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b>
<b>Option 2: Fixed price - schedule of rates/bill of quantities</b>
<b>Advantages to this Option:</b> Easier to vary contract (adding or reducing the works) if changes need to be made.
<b>Disadvantages to this Option:</b> It could be costly if you need to add an item which is not covered in the SoR
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> PM could be tempted to make changes which could impact on the total value of the contract and compliance issues could arise.

### Form of Contract

<b>Option 1: CoL Standard amendments to JCT Minor Works (with Contractor design) 2016 (Single Stage) – Recommended</b>
<b>Advantages to this Option:</b> JCT is considered appropriate for this project, has Design approval stages. Suppliers will be familiar with this form of contract Claims are dealt with retrospectively The JCT contract is familiar to the City PM and the project consultants
<b>Disadvantages to this Option:</b> Variations can be costly
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project :</b> The JCT contract is considered to have an adversarial nature. Any changes to the requirements during the contract can be very costly.
<b>Option 2: CoL Standard amendments to NEC3</b>
<b>Advantages to this Option:</b> Fair and transparent form of contract where issues are dealt with as and when they happen SME's may not be experienced in this Form of Contract Early warning systems in place to avoid issues arising
<b>Disadvantages to this Option:</b> PM has to keep on top of the contract administration, as there are opportunities for cost increases. Terms can appear to favour the supplier CoL project governance can conflict with contractual timescale
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> The NEC3 contract can require lengthy project administration from PM and Supplier, which could increase the fees

**Sign Off**

<b>Date of Report:</b>	
<b>Reviewed By:</b>	
<b>Department:</b>	
<b>Reviewed By:</b>	
<b>Department:</b>	<b>Chamberlain's Department</b>