

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

Author:	Michael Harrington									
Project Title:	City of London Housing Estates Play and Ball Games Areas Refurbishment									
Summary of Goods or Services to be sourced										
To carry out refurbishment of seven play areas across City estates by replacing all equipment, surfacing and other facilities. The sites in question are:										
<table border="1"> <tr><td>Avondale Multi Use Ball games Area</td></tr> <tr><td>Avondale Green Play area</td></tr> <tr><td>Avondale House Play Area</td></tr> <tr><td>Eric Wilkins House Play Area</td></tr> <tr><td>Middlesex Street Play Area</td></tr> <tr><td>Windsor House Play Area</td></tr> <tr><td>York Way Play Area</td></tr> </table>				Avondale Multi Use Ball games Area	Avondale Green Play area	Avondale House Play Area	Eric Wilkins House Play Area	Middlesex Street Play Area	Windsor House Play Area	York Way Play Area
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York Way Play Area										
A single contract will be awarded for delivery of 7 works packages across the separate estate valued at an overall estimated cost of £241,500.										
Contract Duration:	26 weeks	Contract Value:	£241,500							
Stakeholder information										
Project Lead & Contract Manager: Lochlan MacDonald	Category Manager: Michael Harrington	Lead Department: DCCS - Housing								
Other Contact	Department									
Lochlan MacDonald	DCCS - Housing									

Specification Overview

Summary of the Specification:
Supply and install necessary equipment and surfacing to ensure play areas are safe and fit for purpose. The contractor will have some contractors' design responsibility in terms installation on a site by site basis.
Technical and Pricing evaluation ratio 60% (Technical) / 40% (Price)
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). N/A
Project Objectives: To replace facilities nearing the end of their useful lives which are dangerous to users To ensure resident safety; To preserve capital value of City Assets. To provide facilities which are decent and up to standard.

Customer Requirements

Target completion date	December 2020	Target Contract award date	November 2019.
Are there any time constraints which need to be taken into consideration?			
No time constraints, however, we need to ensure that we stay within timeframes of the Section 20 consultations.			
Efficiencies Target with supporting information			
New play equipment across our estates will require fewer repairs than older equipment.			

City of London Initiatives

How will the Project meet the City of London's Obligation to Adhere to the Corporation Social Responsibility: Yes
Take into account the London Living Wage (LLW): Yes
Consideration for Small to Medium Enterprises (SME): Yes
Are there TUPE/Pension liabilities that need to be considered?
Other: None

Procurement Strategy Options

Option 1: Traditional – Client Led
Advantages to this Option: <ul style="list-style-type: none">• Employer's requirements produced by the City, but some design elements required from the supplier.• Traditional method suits the approach in which this project relates to.• Design Control with contractor.
Disadvantages to this Option: <ul style="list-style-type: none">• Design risk is passed to the contractor so may be limited scope for City to influence this• More of a conformance specification as opposed to a fully completed design and can be amended.
Please highlight any possible risks associated with this option:
Option 2: Other – Delivery Partner
Advantages to this Option: <ul style="list-style-type: none">• Fully Managed service• Issues that arise are dealt with the managing partner.• The successful delivery and keeping programming risk is transferred from the City to the Supplier.
Disadvantages to this Option: <ul style="list-style-type: none">• Increased pricing due to additional management of the programme.• Not dealing with the Supplier directly, a third party instead.• Fail to agree on design/construction elements regarding responsibility or sharing specifications/drawings/reports could affect the delivery of the project.
Please highlight any possible risks associated with this option
Option 3: Design and Build
Advantages to this Option: <ul style="list-style-type: none">• Construction can start earlier, reducing the overall project delivery time.• The employer only has one organisation to deal with - one point of responsibility• The ability to novate the design team to the design and build contractor
Disadvantages to this Option: <ul style="list-style-type: none">• The employer may pay more if they ask the contractor to take on an unreasonably high level of risk due• The quality may be compromised if the supplier does not follow specifications.
Please highlight any possible risks associated with this option: Issues with the design may delay the delivery of this project.

Procurement Strategy Recommendation

City Procurement team recommended option
Traditional – This option suites the door entry system refurbishment, the repetitive nature of the work, best fits with standard specifications provided by the City and design relevant to the Estates.

Procurement Route Options

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

Option 1: Sub OJEU – Restricted Tender Process
Advantages to this Option: <ul style="list-style-type: none">• Focused on the suppliers specific to this expertise.• Reduced number of suppliers.

<p>Disadvantages to this Option:</p> <ul style="list-style-type: none"> • Set rates could be assigned to the framework. • A framework levy could be added to the final cost provided by the contractor. • There are specialist requirements which mean the supplier may not be able to deliver this project.
<p>Please highlight any possible risks associated with this option:</p>
<p>Option 2: Sub OJEU – Open Tender Process</p>
<p>Advantages to this Option:</p> <ul style="list-style-type: none"> • Open to all suppliers, coving the market.
<p>Disadvantages to this Option:</p> <ul style="list-style-type: none"> • Resources could be strained because of the large number of suppliers received. • Longer tender period to cater for all suppliers.
<p>Please highlight any possible risks associated with this option: . None</p>

Procurement Route Recommendation

<p>City Procurement team recommended option</p> <ul style="list-style-type: none"> • Option 1 – Restricted Tender Process – In line with our procurement code.
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<p>Option 1: Lump sum fixed price</p>
<p>Advantages to this Option:</p> <ul style="list-style-type: none"> • Gives the Client confidence in paying the one fee. • Only required to raise one PO for the programme of works. • Predictability in the price you receive and stick to overall.
<p>Disadvantages to this Option:</p> <ul style="list-style-type: none"> • Increased costs from the Fixed Priced supplier to factor in for risk.
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project: Does not provide a transparent mechanism for calculating cost adjustments.</p>
<p>Option 2: Fixed price - Schedule of Requirements</p>
<p>Advantages to this Option:</p> <ul style="list-style-type: none"> • A fixed fee for different requirements, allows us to better budget future works depending on the requirement. • The Schedule of rates is split up by size of flat and works required, allowing us better visibility on variations.
<p>Disadvantages to this Option:</p> <ul style="list-style-type: none"> • Additional resources are required to measure work and certify payments • There is no real incentive for contractors to treat work with urgency as there may not be LAD's in place.
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</p>

Pricing Mechanism Recommendation

<p>City Procurement team recommended option</p>
<p>Option 2: Fixed Price – Schedule of Rates – These rates will be based upon size of unit and the requirement, for each of the works required. Totally an amount at the end.</p>

Form of Contract

<p>Option 1: CoL Standard amendments to JCT</p>
<p>Advantages to this Option:</p> <ul style="list-style-type: none"> • City amended terms to what is otherwise a standard industry form of contract. • City amendments balance some risk back towards the contractor • Project delivery team is familiar with managing contractors under this form of contract
<p>Disadvantages to this Option:</p> <ul style="list-style-type: none"> • Does not promote collaborative working. • Not considered to be as balanced apportioning contractual risk as NEC3 •
<p>Please highlight benefits and possible risks associated with this option relative to the specifics of the project: JCT is a more reactive form of tender</p>
<p>Option 2: Other CC&S standard form – Not Applicable</p>
<p>Advantages to this Option:</p>

- Can be signed underhand as opposed to as a deed.
- Standard terms that suppliers who have worked with the City before, are used to the ways of execution.

Disadvantages to this Option:

- More relevant for less complex works.
- Limited to contract valued up to £450k.

Please highlight benefits and possible risks associated with this option relative to the specifics of the project:

More complex works may have a higher likelihood of dispute without the dispute resolution methods in the standard JCT with City amendments.

Form of Contract Recommendation

City Procurement team recommended option

Option 2: Module E.

Due to the size of this project, it would be recommended in this case.

Sign Off

Date of Report:	03/12/2018
Reviewed By:	
Department:	
Reviewed By:	Michael Harrington
Department:	Chamberlain's Department