

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

City Procurement Project Reference:			
Project / Contract Title:	Tower Bridge Projects – Replacement of Defective Bridge Driving Machinery Hydraulic Components		
Project Lead & Contract Manager:	Jamie Bottono	Lead Department:	Open Spaces
Category Manager:	Michael Harrington	Other Contact:	Lisa Moore
Total Contract Value (excluding VAT and inc. extension options):	£1,151,565 (excl risk)	Contract Duration (inc. extension options):	10 months (incl. lead in)
Budget approved Capital/Revenue:	Yes Revenue – Bridge House Estates Trust 50 Year Repairs and Maintenance Fund	Capital Project reference (if applicable):	N/A
Gateway Approval Process			
- Is this project subject to the Gateway process? Yes			
- If so, what was the last Gateway report, and date of approval, and what is the next Gateway report and scheduled date for recommendation for approval? GWO			
Opportunity for Inter-City Collaboration (is there another site/department that could benefit from this project)? None			

Procurement Strategy Recommendation

City Procurement team recommended option
Design and Build – As the incumbent and the owner of the technical detail. The supplier is the most geared up for to take on the design risk for the City.

Route to Market Recommendation

City Procurement team recommended option
Waiver – The Waiver would be the best approach in this scenario. This is below the OJEU threshold and the waiver allows us to 'Waive' the procurement process. Tendering this project would result in appointing a supplier who would manage the Manufacturer, this approach contracts directly with the source supplier and a management fee is not paid.

Specification and Evaluation Overview

Summary of the main requirements: To replace defective hydraulic pipework, components and upgrade hydraulic power units, It is also recommended to replace oil transfer pumps including switchgear as well as review pipework labelling/ asset tags to assist with future fault finding as some are missing and should be included as part of these works	
Technical and Pricing evaluation ratio 60% (Technical) / 40% (Price)	
Overview of the key Evaluation areas (if known at this stage): N/A	
Does contract delivery involve a higher than usual level of Health & Safety, Insurance, or Business risk to be allowed in the procurement strategy?	
Are there any accompanying documents with this report? e.g. PTO/outlined project plan identifying roles and responsibilities as appropriate If yes, please include information in the appendices section below.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Will this project require the winning supplier(s) to process personal data on our behalf?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

If yes, please make sure you've defined roles and responsibilities within your project specification. For more information visit [Designing Specifications under GDPR](#). You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to category board (for information).

Evaluation Panel – Please enter Names and Departments below (if known)

N/A	N/A
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Procurement Strategy Options This could include inter-departmental usage, external collaborative opportunities, existing contracts integrated once expired or adding it to an existing contract. Options for Make (In-house delivery) versus Buy (Outsource) decision to be considered; also indicate any discarded or radical options.

Option 1: Traditional – Client Led (Single Stage or Two Stage)

Advantages to this Option:

- Client retains control of design and cost management

Disadvantages to this Option:

- Contractor is not involved in early design stages, no assessment of buildability unless two stage construction process is utilised.
- Longer lead time to construction start

Please highlight any possible risks associated with this option:

Option 2: Design & Build (Single Stage)

Advantages to this Option:

- Design coordination is the responsibility of the contractor
- Contractor responsible for management of detailed design team
- Single point of contract

Disadvantages to this Option:

- Loss of control over detailed design
- Loss of control of quality
- Longer tender duration

Please highlight any possible risks associated with this option:

- Benefits Time and Cost over Quality
- Does not offer the benefit of early contractor involvement in design development otherwise available under two stage construction in Option 3.

Option 3: Design & Build

Advantages to this Option:

- Design responsibility transferred to the Contractor at the appropriate design stage
- Utilises the experience of contractor's organisation and supply chain relationships and purchasing power to develop design and cost plan.
- Buildability and affordability are considered during development of detailed design at second stage of two stage construction process.
- One point of contact.

Disadvantages to this Option:

- Price can be inflated due to contractor's perception of risk (use second stage process to mitigate risk).
- Client loses control of design once works have commenced on site at conclusion of second stage
- Design variations after award of contract are onerous and costly to CoL and diminish the transfer of design risk onto the contractor.
- Longer procurement phase incorporating two stage construction process

Please highlight any possible risks associated with this option:

- Benefits Time and Cost over Quality
- Design will have to be novated over to the contractor; the contractor may feel that the risk is too high to take on (depending on the complexities involved).

Route to Market Options: Route to market is the way in which the City will invite suppliers to bid for the procurement.

Option 1: Sub OJEU

Advantages to this Option:

- Opens up the opportunity to other parties in the market.

Disadvantages to this Option:

- We are locked into a specific appliance and the manufacturer would need to be designated sub-contractor.
- Additional percentage/management fee would be applied to ensure we can work with the manufacturer.

Please highlight any possible risks associated with this option: We are not contracted directly by the Sub contractor, who may not be willing to absorb the risk.

Option 3: Internal Framework

Advantages to this Option:
<ul style="list-style-type: none"> • Quicker route to market.
Disadvantages to this Option:
<ul style="list-style-type: none"> • We are locked into a specific appliance and the manufacturer would need to be designated sub-contractor. • Additional percentage/management fee would be applied to ensure we can work with the manufacturer.
Please highlight any possible risks associated with this option: We are not contracted directly by the Sub contractor, who may not be willing to absorb the risk.
Option 4: Waiver
Advantages to this Option:
<ul style="list-style-type: none"> • Directly engaged with the supplier. • Contracting with the supplier, not a third party. • No management fees.
Disadvantages to this Option:
<ul style="list-style-type: none"> • Not competed in the market. • No benchmarking available to confirm value for money.
Please highlight any possible risks associated with this option: We are unable to guarantee the quality of the works as their technical capability has not been tested.

Price Mechanism

Option 1: Lump sum fixed price
Advantages to this Option:
<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.
Disadvantages to this Option:
<ul style="list-style-type: none"> • Increased costs from the Fixed Priced supplier to factor in for risk.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: None
Option 2: Fixed price - Schedule of Requirements
Advantages to this Option:
<ul style="list-style-type: none"> • A fixed fee for different requirements, allows us to better budget future works depending on the requirement.
Disadvantages to this Option:
<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.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project:

Form of Contract

Option 1: CoL Standard amendments to JCT
Advantages to this Option:
<ul style="list-style-type: none"> • City owned terms. • Client Led contracting
Disadvantages to this Option:
<ul style="list-style-type: none"> • Typically used for larger projects. • Open to Variation • Does not promote co-operative working. • Reactive approach as opposed to pre-active approach
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
Option 2: Other CC&S standard form
Advantages to this Option:
<ul style="list-style-type: none"> • 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:
<ul style="list-style-type: none"> • Used for less complex works. • Limited to £450k.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: More complex works would suffer without the dispute resolution methods in the standard JCT with City amendments.

Outline of appendices

- Please list appendices here or mark 'Not applicable' if there is none.
- Items to consider appending:
 - PT0 (Project Plan with Roles and Responsibilities)
 - Data Protection Impact Assessment
 - **risk matrix here**

Report Sign-offs

Senior Category Manager Chamberlain's Department	Michael Harrington	Date	20/04/2020
Departmental Stakeholder Department	Jamie Bottono	Date	21/04/2020