

NORTH SOMERSET COUNCIL DECISION

DECISION OF: EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

**WITH ADVICE FROM: DIRECTOR OF DEVELOPMENT AND ENVIRONMENT
AND HEAD OF STRATEGIC PROCUREMENT**



DECISION NO: 20/21 DE 135

SUBJECT: PROCUREMENT PLAN: CONTRACT ADMINISTRATOR (COST CONSULTANCY AND PROJECT MANAGEMENT) SERVICES FOR THE HOUSING INFRASTRUCTURE FUND SCHOOL PROGRAMME OF WORKS

KEY DECISION: NO

REASON: CONTRACT STANDING ORDERS DO NOT DEEM PROCUREMENT PLANS AS KEY DECISIONS.

1.0 BACKGROUND:

1.1 Further to COU 41 dated 25 June 2019 and the approval of the Housing Infrastructure Fund (HIF) commissioning plan.

1.2 The report noted the nature of the HIF enabling infrastructure work consisting of the construction of Banwell bypass, on-line highway improvements, strategic capacity improvements to utilities and flood management (which for the purposes of this document are to be referred to as the 'Highways' works) and a new 900 place secondary school with the potential to increase to 1200 pupils at Weston Villages (to be referred to going forward as the 'Schools' works) and requires several contracts to deliver the works identified.

1.3 A positive announcement was received from the Ministry of Housing, Communities and Local Government (MHCLG) on the 01 November 2019 awarding North Somerset Council the full HIF bid of £97.1M (subject to agreeing terms and conditions, entering into the Grant Determination Agreement which has been agreed and subject to revised funding in light of COVID-19 significant delay and inflationary impacts).

1.4 The core objectives of the HIF infrastructure:

- To deliver infrastructure that maximises, underpins and de-risks associated development in the shortest possible timeline;
- To identify and deliver infrastructure that is affordable and provides good value for money;
- To identify and deliver infrastructure that meets the needs of all stakeholders including developers and local communities; and
- To ensure positive legacy environmental benefits.

1.5 The Commissioning Plan approved the requirement to appoint cost consultant services to undertake key commercial and management services on behalf of the project team, including;

- Cost and commercial management including cost control, evaluation, tender documentation, risk and value management;
- Change management to enable cost control and to inform timely decision making;
- Project management, technical assurance services and quantity surveyor;
- The successful supplier will form and be part of the Programme Management Office.

Originally it was intended that the Highways and Schools work would share these services and the consequent procurement. Subsequently it has been decided by the teams leading on each of these projects that they should be procured independently. The rationale for this decision is:

- The bypass will be constructed using the NEC4 PSC & ECC contracts whereas the school will use the JCT contract
- Prior to the commencement of the construction of the school a detailed design phase will be undertaken which will be led by the procured contractor using a Pre-Construction Service Agreement (PCSA). During this time the project team leading for NSC will require technical and commercial expertise. It has been decided that the easiest way to procure this is as part of the Contract Administrator (Cost Consultant / Project Manager) role
- During the construction phase of the project technical and commercial expertise will be required which can also be provided by the Contract Administrator team
- De-coupling the Highways and School Cost Consultancy / Project Management commissions was also thought to be beneficial in case there were issues with either project.

Subsequently approval is now sought to contract for the School Contract Administrator / Cost Consultancy / Project Management services.

1.6 The current indicative programme headlines are detailed below (subject to COVID-19 impact assessment).

Stage 1 Design phase and preparation of planning application - Mar 2021 to Dec 2021

Planning permission and final cost agreed with contractor - January 2022 to March 2022

Stage 2 School construction - April 2022 to March 2024

1.7 The proposal supports Core Strategy policies, including;

- CS1 Addressing climate change and carbon reduction
- CS2 Delivering sustainable design and construction
- CS12 Achieving high quality design and place making
- CS13 Scale of new housing
- CS14 Distribution of new housing
- CS15 Mixed and balanced communities
- CS16 Affordable housing

- CS20 Supporting a successful economy
- CS25 Children, young people and higher education
- CS27 Sport, recreation and community facilities

1.8 Whilst there exists significant uncertainty on the full impacts of the current COVID-19 pandemic upon programme and costs, the procurement plan remains a valid and needed plan and provides the context for future contract decisions and will enable the council to progress formal contract processes as soon as is practicable post COVID-19. It establishes the next stage of the contract process which can only be progressed once we have a clearer understanding of the COVID-19 impacts and Government mitigations around HIF programme and costs.

1.9 A report was issued to Full Council on 16 June 2020 which sought approval to increase the Capital Programme by £97,067,550, the total HIF grant from Homes England, this was ratified. All procured services for this scheme will be funded from the capital budget once the grant determination agreement is signed.

2.0 DECISION: To approve the procurement plan.

3.0 REASONS:

The infrastructure associated with the HIF work must be delivered in a timely, well managed and efficient manner to ensure programme requirements of the HIF bid are met, whilst delivering value for money to the highest possible standards and quality. This requires a robust and appropriately resourced structure. It is considered that the recommendations of this procurement plan will help ensure we meet these requirements.

4.0 INTRODUCTION

4.1 The HIF Schools programme is to achieve all consents and commence construction by 2022 with scheme opening from March 2024 (subject to COVID-19 extension agreement). Capital funding has been secured (subject to agreement of terms and conditions and entering into the Grant Determination Agreement and subject to COVID-19 revised funding agreement) via MHCLG HIF bid process on the 01 November 2019.

4.2 The HIF bid accommodates critical infrastructure in support of housing delivery as set out below;

- Banwell Bypass: a new highway providing direct access to the Banwell development location whilst providing key relief for local communities and improved access for local businesses;
- Public realm improvements within Banwell Village
- On-line highway improvements complementary to the bypass within the surrounding network including at J21.
- Strategic utility upgrades to provide enough capacity to enable housing:
- Flood mitigation measures for the Banwell Bypass coordinated with the proposed development, and
- A new secondary school to accommodate 900 pupils

4.3 These school places are viewed as essential as the demand grows in line with the ongoing housing developments and the development sites related to the HIF grant. There is

a risk that school places will reach capacity by 2023, depending on the rate of housing development in the area. All efforts will be made to open the school for September 2023 intake however the requirements of the HIF funding are for delivery by March 2024 – this is subsequently considered the target completion date for the school construction

4.4 The programme is at an early stage. The preparation for the procurement of the contractor to lead the design and construction has commenced and is estimated to be concluded by the end of November 2020.

4.5 The council needs to appoint a contract administrator and cost management consultants who have the following skills: contract administrator covering project and cost management, technical and commercial advice and quantity surveying. The appointed contract administrator will form part of the wider project team in supporting the council in the development and delivery of the HIF programme of works and specifically part of the Programme Management Office.

5.0 COMMISSIONING PLAN

The commissioning plan was approved at the council meeting on 25 June 2019 COU 41.

6.0 REQUIREMENT

6.1 The outcome of the Programme is to deliver new communities by the provision of enabling infrastructure to support sustainable housing growth. The Programme shall achieve the following:

- Must be completed within the HIF bid budget of £97.1M (subject to revision in light of COVID-19 delays)
- Must comply with all statutory processes
- Must be acceptable in design and construction (incl. programme) to all key stakeholders
- Must minimise or eliminate disruption on the local community
- Aim to achieve net zero carbon impact during design and construction
- Secure biodiversity net gain for the development
- Complete all works by 2024 (subject to revision in light of COVID-19 delays).
- Enable active travel to integrate the new community
- Achieves the most Social Value contribution possible from the programme
- Maximise efficiency in the design and construction for the programme

6.2 To de-risk project development from inception through to delivery it is essential that enough resource is applied to the project and cost management of the programme. The appointed contract administrator will form part of the wider project team and will support the council in securing its ambition on delivering high value outputs on time and budget whilst securing key benefits to the wider community and environment.

6.3 The contract will commence January 2021 as they will be required to act as a technical and commercial intermediary between the council and the team leading on the school design appointed by the contractor as they commence RIBA 2. They will continue this function throughout 2021 during subsequent RIBA design stages (3&4).

6.4 In addition to this role during the design of the school they will provide the following services though the term of the contract:

- Cost and commercial management including cost control, early warnings, cost evaluation, risk and value management, including forecasting, analysis of performance data and earned value analysis;
- Change Management to enable full cost control and informed timely decisions;
- Project Management, Technical assurance services and quantity surveyor services throughout the project;
- Acting as the employer’s agent with designers and construction contractors including, carrying out control procedures including risk management, claim management and contractor/designer submission review.

6.4 In order to submit the HIF business case significant work was carried out on scoping the requirements of the project and cost consultancy services. This has enabled the project team to compile the specification for the tender documents.

7.0 OPTION APPRAISAL

7.1 As shown below, three procurement options have been identified and assessed by the project team including major projects and procurement.

Option	Description	Shortlist	Explanation
Open market restricted tender	Using a NEC4 PSC, the council would undertake a full tender exercise to the market inviting via SQ and ITT tenders for the specified work.	No	Appropriate framework options exist which would shorten the procurement timescale.
CCS Project Management & Full Design Team Framework (RM3741)	Through Lot 1 multi-disciplinary services of the CCS framework we can secure full range of required professional services, Mini-competition would be undertaken.	No	This framework could be an option however Lot 1 of the CCS framework has 16 suppliers on it, and so in the interests of ensuring a competitive but swift process the WECA framework is favoured as it has 3 suppliers on it.
WECA Professional Services Framework	The WECA framework provides the option to secure a wide range of professional design services.	Yes	This is the recommended route to market as it ensures competition however has only 3 suppliers on it which will ensure a more streamlined procurement. It is the council’s preferred route to market for relevant professional services.

7.2 The proposal is to use the WECA Professional Services Framework

There are 3 suppliers on the framework, who consist of: -

Aecom Ltd
 Atkins Ltd
 WSP Ltd

7.3 The companies have a wide range of expertise to call upon pursuant to the project and cost management service specification.

7.4 The framework suppliers have a local presence, which will reduce the requirement to travel. Carbon reduction and management will be a key assessment component within the tender opportunity. The Council will seek to ensure that all parties across the value chain work collaboratively, towards a common goal to reduce carbon, so achieving the following outcomes;

- Reduced Carbon, reduced infrastructure cost;
- Promote innovation delivering benefits to society and communities;
- Carbon management will contribute to tackling climate change;
- Deliver more sustainable solutions.

7.5 Estimated Duration

The contract is for 4 + 1 years to align with the Design & Build contract which the Contract Administrator will be monitoring.

7.6 As the service is input based (securing and assessing work from others) and is not specifically output based it is proposed to use the NEC Professional Services Contract Option A.

Opt.	What is it?	Key Points
A	A programme where each activity is allocated a price. Interim payments are made against completion of each activity.	<ul style="list-style-type: none"> • Most commonly used • Lowest risk for Employer
C	Cost plus contract – it is subject to a pain gain share by reference to a target cost, built up from an activity schedule	<ul style="list-style-type: none"> • Most likely to be used when there is an emphasis design responsibility
E	Contractor is reimbursed for actual costs that they incur when carrying out the works	<ul style="list-style-type: none"> • May be used when there is an outcome-based spec where the work required cannot yet be defined, or if the work is to provide support over a specific time period

8.0 RECOMMENDATION

8.1 Recommendation to proceed with the WECA Professional Services Framework NEC4 PSC Option A.

The framework provides a timely, cost and resource efficient process for securing the service required; it will be quicker and less resource intensive than carrying out a competitive tender and contains enough resourced, competent and experienced suppliers to help de-risk delivery and ensure compliance.

8.2 The team will carry out a mini competition, so all of pre-qualified suppliers will be able to bid, and their fees cannot exceed the fees they quoted to get on the original framework agreement. The suppliers have signed up to the framework agreement terms and conditions and call-off contract, so the council will only have to populate the standard NEC4 PSC and not have to write a contract for this procurement which will also save time and resource.

8.3 The contract term will be for 4 years with a possible extension of 1 year. This will ensure the council has continuity of service throughout the pre-construction, construction and post construction phases.

9.0 Timescales

9.1 The following indicative timescales and actions have been created for the procurement of these services, which may be subject to change and does not consider impact of the COVID-19 pandemic:

Task Name	Date
Publish opportunity on WECA Framework	September 2020
Bidders submissions due	October 2020
Evaluation & recommendation	November 2020
Contract reward report approval	November /December 2020
Award of contract	January 2021

10.0 Governance

10.1 The HIF Commissioning Plan was approved at Full Council on 25 June 2019, this Procurement Plan will be approved by the Executive Member advised by Director and Head of Strategic Procurement. The Contract Award Report will be approved by the Director advised by the s.151 officer and Head of Strategic Procurement, in accordance with the Contract Standing Orders.

11.0 MARKET AND SUPPLIERS

11.1 The HIF project is a high-profile project within the WECA region and as such is well known by the three suppliers on the framework. Indeed, two of the three have already had services procured in its support and we have had numerous conversations with the third and are aware of their desire to provide services to the project.

12.0 SOCIAL VALUE AND SUSTAINABILITY

12.1 The tender will include a question on social value (10% of the quality weighting) in accordance with the council’s social value policy. The social value question will seek bidders’ tangible and specific commitments in relation to the social value outcomes:

- Increased employment to local people
- Reducing negative and promoting positive environmental impacts
- Supporting schools and life-long learning

12.2 The tender will include a question on carbon management approach and innovation to demonstrate key understanding, commitment and tangible deliverables. A carbon advocate role will be required to assist the project team in developing project processes, protocols and metrics in the measurement and management of carbon reduction.

12.3 The supplier will report on the progress of its social value and carbon commitments alongside all other KPIs.

13.0 EVALUATION

13.1 The framework consists of pre-qualified bidders who have gone through a testing process to get onto the framework, so will have the commercial, JCT contract management, project management, technical services and carbon advocacy skills. Therefore, a weighting of 60% price and 40% quality will ensure the correct and appropriate balance of quality versus price.

13.2 The project team will provide clear specification with set deliverables and expected durations for the bidders to tender against (this will have been validated by the framework suppliers prior to the commencement of the procurement).

13.3 It is proposed that the received tenders are assessed and scored by 60% Price and 40% Quality. Price and quality assessment will score the following.

- **Price:** Based on the submission of resource schedule. The lowest total price will receive the maximum score of 100% and the prices of all other tenders will be expressed as a percentage of the maximum score.
- **Quality:** Quality will be assessed against the project outputs, behaviours and project management including assessment on the following topics.
 1. Business capability and resource
 2. Professional expertise
 3. Commercial offering
 4. Project team
 5. Track record
 6. Carbon advocacy and Social Value contribution

Quality will have a weighted score of 40% and will be evaluated in accordance with the following scoring guidelines:

Score	Classification	Award Criteria
5	Excellent	A response that inspires confidence; specification is fully met and is robustly and clearly demonstrated and evidenced. Full evidence as to how the contract will be fulfilled either by

Score	Classification	Award Criteria
		demonstrating past experience or through a clear process of implementation.
4	Good	A response supported by good evidence/examples of the Bidders' relevant ability and/or gives the council a good level of confidence in the Bidders' ability. All requirements are met and evidence is provided to support the answers demonstrating sufficiency, compliance and either actual experience or a process of implementation.
3	Satisfactory	A response that is acceptable and meets the minimum requirement but remains limited and could have been expanded upon.
2	Weak	A response only partially satisfying the requirement with deficiencies apparent. Not supported by sufficient breadth or sufficient quality of evidence/examples and provides the council a limited level of confidence in the Bidders' ability to deliver the specification.
1	Inadequate	A response that has material omissions not supported by sufficient breadth and sufficient quality of evidence/examples. Overall the response provides the council with a very low level of confidence in the Bidders' ability to deliver the specification.
0	Unsatisfactory	No response or response does not provide any relevant information and does not answer the question.

13.4 The evaluation panel will consist of HIF project team representatives and be moderated by procurement. The evaluation scores will be moderated to provide an agreed scoring for each bidder.

Any bidder scoring 0 will be excluded from the evaluation.

The evaluation panel may wish to hold clarification interviews if it assists in their decision making

13.5 A template pricing schedule will be provided for the purposes of providing a pricing model for resource allocation, it will include a section for the known tasks and a day rate section for tasks which need to be assessed and priced on an 'as-need' basis but cannot be determined at this stage. This will help ensure that all bidders are providing a response that is equally comparable. There will be check points during the contract to keep track of delivery and the budget.

14.0 CONTRACT MANAGEMENT

14.1 The use of Key Performance Indicators (KPIs) will be used as a tool to measure performance of the supplier. These will be based around the core principles of time, cost and quality but will also link back to the quality element of the original submission.

14.2 Monthly bespoke reports will be produced by the supplier to monitor their progress against the key criteria in addition to the measurement requirements that form part of the NEC contract.

14.3 Formal monthly meetings will be held to monitor progress and review risks and issues

to the project. The progress of the project will be summarised in a highlight report and presented to the Project Board. The project and contract management approach will be formalised through the project delivery manual.

14.4 The project and board structure will be undertaken in accordance with the agreed Major Projects and Technical Services project management and board protocols and processes.

15.0 FINANCIAL IMPLICATIONS

15.1 Costs

The total cost estimate for the project and cost management service through this procurement proposal is £632,700. Whilst approval is sought to begin the procurement exercise the contracts will not be awarded until November 2020 at the earliest. This is based on the original timeline agreed prior to the covid-19 outbreak. By then the funding agreement is expected to have been signed and completed.

The classification of this spend is expected to meet the definition of capital expenditure being directly attributable to the successful construction of the assets within the project. This work includes project management, quantity surveying, procurement and contract management.

The expenditure is expected to be profiled as per the summary below with the majority of spend occurring in 3 years' time (£436,600) during the construction phase of the school:

Profile of Spend	2020/21	2021/22	2022/23	2023/24	Total £
	£	£	£	£	
School	33,300	55,500	107,300	436,600	632,700

15.2 Funding

Funding for this procurement undertaking will be provided by the Housing Infrastructure Fund (FF) awarded by Homes England.

16.0 LEGAL POWERS AND IMPLICATIONS

16.1 The Grant Determination Agreement is the contract between the Council and Homes England (HE). This will define the responsibilities on the Council and HE for the Programme.

16.2 The terms and conditions of these documents will be flowed down to the Contractor through the Contract wherever possible and to protect the interests of the Council.

16.3 The WECA PSF has been procured in line with Public Contract Regulations 2015. The Contract will use NEC4 Professional Services Contract Option A.

16.4 Subsequent works inherent in the proposal will require the exercise of functions (and use of applicable Acts as defined within CSO) of the local planning authority, mineral planning authority, local highway authority, local education authority and housing authority.

17.0 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

17.1 As part of the aim to encourage innovative solutions to carbon reduction, it is proposed that a sustainability toolkit be developed to identify sustainability outcomes to be achieved. This is to be developed in collaboration with the contractor and contract administrator and the purpose specified to put tangible metrics against sustainability into the project as goals.

17.2 All supply chain partners (including the contract administrator /cost consultant) will play an active and key role in ensuring the council’s ambition of carbon reduction and biodiversity net gain is secured and achieved through both as an active member of the project team and through as necessary application of statutory and non-statutory legislation in the design, development and delivery of the proposed infrastructure.

17.3 The procurement process will also challenge the bidders on their carbon footprint and how infrastructure can be delivered in the most sustainable way including project specific requirements around communications, meetings and also at an organisational level with their corporate approach and initiatives to sustainability, including the use of energy, transport, purchasing and staff. It is proposed to appoint a carbon advocate to help the project team realise its carbon reduction ambition and provide a framework for future projects.

18.0 CONSULTATION

18.1 The WECA PSF suppliers have been made aware of this opportunity and discussions have been had to ensure there are no conflicts of interest in relation to the suppliers bidding for the design part of the Design & Build contract and the Contract Administrator commission.

19.0 RISK MANAGEMENT

19.1 The following key procurement risks have been identified and mitigating actions proposed, as summarised below

Description	Impact	Mitigation
Lack of market appetite	Limited returns and reduced value for money	WECA framework has a range of potential suppliers, offer is favourable to the market, the use of a mini-competition will be providing greater assurance of success.
Lack of market capacity	Limited returns or of poor quality.	WECA framework provides assurance of a depth and breadth of qualified, experienced suppliers. The early market engagement will confirm that capacity is available for this offer.
Lack of alignment with project outcomes	Benefits not achieved and/or needs not met	Specify contract and performance metrics aligned with agreed Project Brief and critical success factors. Early supplier engagement to inform specification & pricing schedule.

Description	Impact	Mitigation
Procurement proposal more expensive than expected	Budgetary pressures	Clear, robust specification. The early supplier engagement will ascertain if the market believes the budget is adequate. Risk pot and regular check point reviews to ensure spend against budget.
The actual spend exceeds the contract value.	The Project budget is impacted by overspends on professional services.	Early engagement with suppliers to validate requirements (spec & time to undertake tasks). Use of Option A to have a commitment to the baseline tasks. Risk pot and regular check point reviews to ensure spend against budget.
Potential conflict of interest with suppliers bidding for Design part of D&B and Contract Administrator	Reduced viable number of bidders.	Early engagement with suppliers to establish their intentions.

20.0 EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? **Yes**

20.1 An initial screening exercise has been carried out as part of the HIF development business case process to identify protected characteristics that the Equality Act 2010 requires us to consider, in relation to the highway infrastructure.

20.2 The protected characteristics most pertinent to the highways scheme are age, disability and religion or belief. The school shares the same conclusions, with the addition of sex. Provisions will be made to maximise equality between those who share a protected characteristic and those who do not.

20.3 A full equality impact assessment will be undertaken as part of the highway development proposal.

21.0 CORPORATE IMPLICATIONS

The provision of key enabling infrastructure and educational facilities and the improvement of the transport network widely supports the Corporate Plan objectives and is noted within the approved Plan as a priority to support a broad range of new homes to meet growing need, with an emphasis on quality and affordability.

BACKGROUND PAPERS

HIF Commissioning plan:

<http://apps.n-somerset.gov.uk/cairo/docs/doc29685.pdf>

HIF business case development and submission approval

<http://apps.n-somerset.gov.uk/cairo/docs/doc28834.pdf>

<http://map.n-somerset.gov.uk/PoliciesMap.html> (Banwell Safeguarded alignment)

<https://www.gov.uk/government/news/government-investment-to-unlock-more-homes-across-england> (links to HIF announcements and all supporting MHCLG HIF documents)

<https://www.jointplanningwofe.org.uk/consult.ti>

HIF Bid Pro-Forma online form 03 December 2018#

HIF Winterstoke Hundred Academy Expansion Procurement Plan

MHCLG HIF Forward Funding Business Case Guidance

HIF Forward Fund Business Case Questions

Exec Member Decision 18/19 DE341

Programme delivery manual, risk register and programme.

SIGNATORIES:

DECISION MAKER(S):



Signed:

Executive Member for Planning and Transport

Date: 24 September 2020

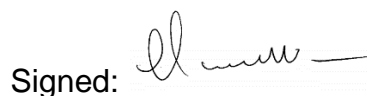
WITH ADVICE FROM:



Signed:

Director of Development and Environment

Date: 22 September 2020



Signed:

Head of Strategic Procurement

Date: 22 September 2020.