

**REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR Demolition of Hartopp and Lannoy Points**

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

A supplier is required to provide works for the demolition of Hartopp and Lannoy Points. Hartopp and Lannoy Points are two large panel system blocks. These have been subjected to extensive structural surveys by the Council's building control department and Arup. These surveys have identified the need to either refurbish or demolish the blocks. Demolition is the recommended option.

2. FINANCIAL INFORMATION

The forecast cost of the demolition is estimated to be up to £3.5 million. This will be funded by Housing Revenue Account and will be capital funding as it will be a contract for works.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

The Council must address the structural issues identified either via demolition or refurbishment. The costs of refurbishing the blocks are significant at approximately £16.5 million or £150k per flat. These works exclude rehousing costs and professional fees. It is also assumed the properties would require a higher on-going maintenance costs which would have to be factored into the HRA business plan.

The Council undertook section 105 consultation with residents on the basis that its preferred option was to demolish Hartopp and Lannoy Points. The response to the consultation was in favour of demolition with 18 of the nineteen responses supporting demolition.

Subject to Cabinet approval the Council will therefore demolish Hartopp and Lannoy Points and as such requires a contractor to undertake the demolition once the buildings are vacated of residents.

The value of the contract has been estimated by the Council's consultants at £3.5m.

4. THE MARKET

Due to the Large Panel System construction method used at Hartopp and Lannoy Points the demolition is anticipated as being more complex and will

take longer than the demolition of more conventional buildings. There is also a significant amount of asbestos contained within the buildings which will have to be safely removed prior to the main demolition taking place.

Owing to the technical nature of the demolition a limited number of known suppliers have the technical capabilities which will be required. The proposed approach to procurement is open procedure through Contracts Finder (Capital ESourcing). It is anticipated that a small number of contractors would bid and be capable to undertake such work therefore price will be weighted equally with quality in the evaluation so that value for money can be maximised.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

A single supplier will be sought to secure and demolish Hartopp and Lannoy Points and any associated ancillary building.

The contractor will be needed once the blocks are vacant and the contract is to cover the delivery of the works required, which are expected to last for up to 12 months.

The technical specification is currently being drawn up by technical consultants, Wentworth.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

The Council has to move to quickly address the health and safety issues identified at Hartopp and Lannoy Points. Subject to Cabinet approval demolition with therefore need to take place as soon as is reasonably practical.

The proposed contract is a one-off contract for works and is not proposed as a long term partnership. The specification for the contract will be highly technical. Therefore owing to both the speed and nature of the contract this will limit the opportunities to maximise social value. However, tenderers will be asked as part of the technical evaluation to offer ways to mitigate the negative impact of the works on neighbours and the local community.

An open procedure through Contracts Finder (Capital ESourcing) will be followed and as such local firms may choose to bid for the opportunity.

7. OTHER STRATEGIC POLICY OBJECTIVES

In December 2018 Cabinet approved the Council's Asset Management Strategy for Council housing. This made clear the Council's commitment to prioritise health and safety matters above all else. Demolition of Hartopp and

Lannoy Points will address the serious issues identified through a number of Structural Surveys and Fire Risk Assessments Undertaken by the Council at Hartopp and Lannoy Points.

8. STAKEHOLDER CONSULTATION

The Council has undertaken section 105 consultation with regards the proposed demolition of Hartopp and Lannoy Points.

9. PROCUREMENT PROCEDURE

The Council will follow an open procedure (single stage) through Contracts Finder (Capital ESourcing) to procure the contractor. Works are estimated below OJEU procurement values for works.

Should this approach not prove successful then the Council will revert to the use of a framework (if one is available for demolition contractors) and in order to achieve the outcome of, subject to cabinet approval, ensuring the demolition of Hartopp and Lannoy Points by Winter 2020.

10. CONTRACT AWARD CRITERIA

The contract will be awarded based on the most economically advantageous tender using a 50/50 price quality split. This is rather than the usual 60 quality 40 price split as the technical elements of the contract are highly specialised and a high element of compliance is required to be able to undertake the contract. The 50:50 split allows the Council to be able to better test value offered against the rigorous specification.

Evaluation will be carried out in the first stage against a 'pass/fail' set of criteria, including financial health, insurance levels, company history in health and safety and employment compliance, and other statutory requirements, followed by a technical and commercial evaluation process. Only companies that pass this initial stage will move to the next evaluation stage of price and quality assessment.

Technical evaluation, comprising 50% of the final score, will be consider tenderers' responses to the following areas and weightings:

Technical ability – 25%
Capacity and resources – 15%
Health and Safety – 20%
Behaviours – 10%
Service based method statements – 30%

Commercial evaluation, comprising 50% of the final score, will consider tenderers' response to a pricing schedule that will be based on different elements of the required processes, resulting in a comparable total score. The lowest price submitted will receive 100%, with the other tenderers scoring in relation to the difference between their price and the lowest price submitted.

The winning bid will that which scores the highest amount when both the technical and commercial scores are added together.

As this is such a high risk and high-profile area of activity that it is intended to appoint a main contractor and a reserve contractor.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

The service review team will include:

- David McNulty – Assistant Director Operations
- Graham Coupar – Asset Management Technical Consultant
- Jacqueline Alexander – Head of Capital Delivery
- Rebecca Shaw – Procurement Advisor (The Economy Department)
- Matt Rumble – Head of Area Regeneration

12. INDICATIVE TIMETABLE

- Technical specification: May 2019
- Invitation to tender: June to July 2019
- Evaluation: August 2019
- Contract award: October 2019
- Contractor mobilisation (assuming vacant possession has been achieved by December 2019): January 2020.

13. CONTRACT MANAGEMENT

Graham Coupar will be the lead technical consultant managing the contractor.