

APPENDIX 2

White City Central – Civil and Structural Consultant Procurement Strategy

*The following procurement strategy has been produced in collaboration with **Andra Ulianov, Head of Contracts and Procurement***

1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

- 1.1 As set out in the main body of the report, there is a strategic case for reviewing the central area of the White City Estate to develop new genuinely affordable housing, re-provide community space and improve the public realm.
- 1.2 The Council has appointed Mae Architect and Arcadis Cost Consultant / Project Manager to help deliver the scheme. In order to progress the scheme further and develop the designs, a Civil and Structural consultant is required to carry out more detailed work on the project.

2. MARKET ANALYSIS

- 2.1 The provision of civil and structural services is a specialist area. However, this is a mature market and there are a broad range of consultants with the experience and capability to carry out these services. There are large consultancies that provide these services for large projects as well as smaller individual consultancies that can provide services.
- 2.2 Officers are confident there are a select number of consultants in the market that would allow a successful procurement exercise to be undertaken. The size of this project, in construction value terms, is circa £100m and is considered medium to large. The proposed framework includes consultants with the right level of expertise, relevant experience and skillset for this value of construction project.
- 2.3 The Civil and Structural and construction industry, like many other industries, has been greatly affected by the lockdown and downturn in business creating some uncertainty over the medium to long term viability of many companies in the industry. This creates an additional risk to the Council, which this procurement strategy seeks to control through the use of an existing framework and application of strict financial and quality control mechanisms in the contract.

3. PROCUREMENT ROUTE OPTIONS AND CONSIDERATIONS

- 3.1 The value of the services is above the threshold for services contracts for running a full procurement as set out in the Public Contract Regulations 2015 (as amended post-Brexit) – the 2015 Regulations.

Procurement Routes

- 3.2 The proposed procurement route to market is to use a compliant third-party framework in line with CSO 19.1.

Existing Third-Party Frameworks

- 3.3 There are various frameworks set up under the previous OJEU regime which are still compatible with the 2015 Regulations. These are often provided by some of the major housing associations (G15) that offer a quicker route to market and access to a pool of pre-selected consultants that have already been assessed by framework providers as suitable for delivering construction professional services.
- 3.4 Review of available frameworks such as Fusion 21; London Housing Consortium (LHC); and South East Consortium (SEC) identified *Notting Hill Housing (NHH) Consultants Framework 'CF2'* as most suitable for use for this project as it offers the running a mini competition between invited suppliers with demonstrable ability and skill to delivering council's objectives as set out in section 2 above.
- 3.5 The identified Framework is compliant with the 2015 Regulations; and Officers and Legal Services have reviewed the details of Notting Hill's Framework Agreements as part of preparation of this strategy.

Procurement Routes Considerations

- 3.6 The use of an existing third-party framework, such as NHH's Development Framework, offers demonstrable advantage to the council as all registered consultants on the framework would have been vetted and appointed following assessment of their technical capability, insurance, health & safety and financial standing.
- 3.7 NHH's Development Framework specifically permits the running of mini competition between invited suppliers meeting capability assessment. It is available for all contracting authorities in London to use.

Procurement Options Analysis

Option 1: Do nothing (not recommended)

- 3.8 The "do nothing" option would either mean (1) not proceeding with this proposal or (2) not proceeding with the redevelopment project.
- 3.8.1 Not proceeding with this decision but proceeding with the redevelopment would result in delay to procurement of Civil and Structural Engineering services which is a specialist service not available to the council internally. This option would also significantly delay commencement on site and ultimately the timely delivery of much needed affordable housing.
- 3.8.2 Not proceeding with the redevelopment would not be in line with the Council's commitment to delivering the redevelopment in consultation with local

residents and would result in no re-provision of much needed genuinely affordable housing in the Borough and no re-provision of community facilities for local residents.

Option 2: Carry out an end-to-end tender process through Capital E-Sourcing (not recommended)

- 3.9 Commencing a new tender exercise under the Open, Restricted, Competitive Procedure with Negotiation or Competitive Dialogue procedures would be very time-consuming and could take from 6 months to a year (depending on the procedure selected).
- 3.10 Due to the urgent need to procure these services and the council’s ability to control both value for money and quality through option 3 (below), this option is not feasible or recommended.

Option 3: Call-off under the Notting Hill Housing Development Framework

- 3.11 This is the preferred option. NHH’s Development Framework is a framework compliant with the 2015 Regulations that offers the Council quick access to a pool of pre-selected consultants. The consultants on the framework have been assessed for their suitability for undertaking construction professional services for housing development projects.
- 3.12 The Framework commenced on 31st May 2017, includes a high number of known reputable experienced consultants with specialist skills. It expires on 31st May 2017, however as it was advertised on the basis of a 1-year extension, then NHH has recently announced that it will exercise the extension such that call offs can be made up to 31.5.22.
- 3.13 Assessment of the framework’s suitability has identified 26 registered suppliers in CF2 Lot 2, that closely match the council’s target of contractors. Further, the Framework permits the running of a mini competition by invitation following an initial assessment of contractors’ capability.
- 3.14 Significantly, the council as an authorised user will not be charged a fee for using the Framework. The Council has entered into an Access Agreement in order to call-off from the Framework.
- 3.15 Given the number of organisations on the framework it is expected that the Council will receive manageable number of quality tenders allowing effective evaluation and conclusion of appointment.

4. RISK ASSESSMENT AND PROPOSED MITIGATIONS

- 4.1 In producing this report, procurement risks and their control measures were considered and implemented.

Risk	Likelihood	Risk Control	Residual
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			control
Limited interest from suppliers on the framework resulting in low, or poor quality, tenders.	Low	Soft market testing indicates a high level of interest in this work from supplier. Quality will be controlled through the development of a detailed and clear procurement brief highlighting both quality and price objectives. Further, proposed procurement route through the Framework offers the council direct control over the number and experience of tenderers.	Residual risk is further controlled through the ability to work closely with Notting Hill and ensure capability assessment of contractors is adapted to meet council's requirements.
Not using an open procurement may limit competitiveness between suppliers to achieve best value for money.	Medium	The use of a framework through which a limited number of supplier's are invited to tender may result in quantitatively limiting competition and resulting in a limited number of large suppliers tendering for the work. Large suppliers may have larger overheads compared to small to medium suppliers. This risk is mitigated against through the use of a detailed pricing schedule and directly procuring the services of a quantitative surveyor as well as having the option to procure sub-contractors directly.	Robust and effective project management will help control this risk as well as regular review of the project's budget and contingency.
Construction market inflation.	Medium	Close working between the council's appointed Cost Consultant / Project Manager – Arcadis and the Architect – Mae, would	An appropriate level of project contingency needs to be agreed in advance of

		offer adequate controls over market inflation by mitigating and foreseeing inflation risks and where necessary adapting the speed of delivery, order and timing of work packages to limit inflation effects.	appointment to further mitigate against inflation risks.
Procurement legal challenge	Low	Procurement through the Framework offers an established procurement route with manageable number of tenders expected. This would help streamline the evaluation and award process and reduces risk of any challenge.	Council's internal procurement evaluation process will be followed further reducing the risk of a challenge.

5. **FINANCIAL INFORMATION**

- 5.1 On 3 June 2019, Cabinet approved a budget of £2,880,000 for the initial business case, design and survey costs for White City Central.
- 5.2 The costs for the Civil and Structural consultant will be covered under this approved budget.
- 5.3 Whilst it is anticipated that the costs associated with the procurement and subsequent contract will be capitalised there is a risk that should the procurement not be successful, or the appointed contractor not complete the contract, or the project is aborted, the costs would be written off as an unbudgeted charge to HRA revenue.
- 5.4 The Instruction to Tenderer (ITT) document for this procurement exercise should include economic and financial standing that tenderers will need to meet in order to qualify for evaluation.
- 5.5 The requirement for a contract such as this would be:
- i. A credit safe score of 51 or more.
 - ii. An average turnover over the last two years that is at least double the anticipated annual contract value.
- 5.6 The ITT may include within its provisions that, should a supplier not pass the credit score set out above, the Council's Section 151 officer may decide that it is in the council's best interest to proceed with that supplier if the benefits outweigh the risks and adequate mitigation are in place to reduce and control risks to the council.

6. COMPETITION PROCESS

- 6.1 The Council's preferred option is to use NHH's Consultants Framework 'CF2' Lot 2 to run a mini competition following a capability assessment between contractors best suited to meet council's design, quality and best value objectives.
- 6.2 The following indicative timetable has been set for running the procurement exercise. The dates are subject to change at any stage in the process.

Activity	Completed by
Issue Invitation to bidders to submit Tender (ITT):	Week commencing 15 March 2021
Closing date for submission of Tenderers' questions:	24 March
Closing date for receipt of Tenders (the "Deadline"):	2 April
Evaluation of Tenders on or around:	Week commencing 5 April
Internal approvals process completed on or around:	Week commencing 19 April
Notification to proposed award of Contract on or around (the "Effective Date"):	Week commencing 26 March
Issue of Standstill Letters - Standstill period commences on or around:	Week commencing 3 May
Contract signature on or around:	Week commencing 3 May
Contract Commencement on or around:	Week commencing 10 May

7. SELECTION AND AWARD CRITERIA

7.1 Most Economically Advantageous Tender (MEAT) using Quality/Price Ratios

- 7.2 As there is no specific evaluation requirement stipulated in the framework, the contract will be awarded to the MEAT based combination of price and quality. This will be in accordance with the award criteria described in paragraph 7.3 and in line with the Council's evaluation procedures as set out in the CSOs.

7.3 Quality/Price Award Criteria

- 7.3.1 In accordance with the council's CSO and PCR 2015 Regulation (67) the council seeks to award the contract on the basis of the Most Economically Advantageous Tender.
- 7.3.2 Suppliers meeting a capability assessment will be invited to tender through the framework.

7.3.3 Submissions will be assessed on a price/quality ratio of 40/60 and quality is scored in accordance with the Framework’s terms, which also allows for the assessment of the Consultant’s social value proposals. The price / quality split have been chosen by the Council and approved by NHH framework.

7.3.4 The use of this price/quality ratio of 40/60 respectively would ensure both value for money and quality despite the assessment giving a slightly higher weight to quality in recognition of the specialist, technical nature of demolition work and associated risks.

7.3.5 Quality evaluation will be scored weighted as follows:

Quality sub-categories	Weighting
Experience and technical competence for the project	23%
Project Delivery / Methodology	25%
Project Risks and Mitigation	10%
Partnering and Collaboration	25%
Social Value	17%

7.3.1 In line with council’s Social Value Policy, specific measurable social value will be sought under this procurement through tenderers being required to include social value commitments and complete a social value matrix that would monetise each tenderers’ social value commitment for the purpose of evaluation.

7.3.2 LOCAL ECONOMY AND SOCIAL VALUE

7.3.3 The social value question is weighted at 17%, which is in line with the Social Value Strategy. Careful consideration has been made to ensure the social value contribution is positive for residents and the local economy. The list of social value measurements will be open for the contractors to choose from pre-defined outcomes based on H&F priorities.

7.3.4 The Social Value Portal (SVP) will be used to assess bidders returns and will help to score accordingly. The winning bidder’s Social Value commitments will form part of the key performance indicators (KPIs) and included in the contract terms.

8. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

8.1 Initial estimate of the cost under this procurement up to RIBA 3 stage, including some elements of RIBA 4 relating to procurement of construction contractor, is estimated at £300,000. The existing budget of £2,880,000 provides sufficient funding for this procurement exercise.

8.2 The contract will begin in March 2021 and last until August 2022 for RIBA stages 2 – 4a.

- 8.3 The council will appoint the successful consultant to deliver RIBA 2 – 4a, subject to viability and funding availability and with no obligation to rolling the contract.
- 8.4 The council will set out this information clearly within the tender documents and bidders will be required to provide proposal fees for RIBA stage 2 – 4a (to be evaluated).
- 8.5 The services to be procured are for a Civil and Structural consultant.
- 8.6 The Civil and Structural consultant may also be required to:
- a) Co-ordinate and manage site surveys
 - b) Supporting the council's engagement with residents
- 8.7 The Civil and Structural consultant will be appointed to deliver RIBA 2 – 4a which is expected to last until August 2022.
- 8.8 Under the rules of the framework, the Council can use a range of contracts such as JCT/TPC/NEC or any bespoke contract of the Council's choosing. Subject to the framework requirement, the council is proposing the Framework's appointment contract with some specific council amendments where permitted.
- 8.9 It is proposed to award a single contract expected to start in March 2021 and conclude in August 2022.
- 8.10 At the end of each RIBA stage, the council will not be obliged to roll the contract over to the next RIBA stage and will continue to reserve the right to terminate and re-tender for each and every subsequent RIBA stage. This will ensure that the appointed supplier is incentivised to provide both high quality and best value on each and every RIBA stage.

9. CONTRACT MANAGEMENT

- 9.1 Procurement will be managed by the Project Team supported by the council's procurement and legal services.
- 9.2 The contract will be managed by the Development Team and regular review meetings will be held with the consultants.
- 9.3 A suite of KPI's will be used to monitor, measure and report on the performance of the consultant at 0.33 monthly intervals (every third month) via verbal engagement at Project Design Team Meetings.
- 9.4 The following are example KPIs that may be used to monitor performance and will be measured using a scale where 0-3 = Poor; 4-6 = Below Average; 6-7 = Average; 8-9 = Good; 10 = Excellent.

- Client satisfaction and quality of service – Measured using the following criteria: understanding the brief; quality of documentation produced; quality of resources employed.
- Time predictability and responsiveness – Measured using the following criteria: ability to keep to programme; responsiveness to dealing with queries; early warning to client of any potential delays to the programme.
- Communication and Stakeholder engagement – Measured using the following criteria: Keeping the client informed in the most effective means possible; proactive approach to mapping and conducting stakeholder engagement.
- Cost predictability – Measured using the following criteria: accuracy of cost estimating; ability to consider value engineering as part of an exercise to mitigate cost increases; the quality of the Employers Requirements.
- Successful delivery of social value as per prior proposals.