

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 12 APRIL 2016

**UPGRADE CURTAIN WALLING – BLOCK A, ARBROATH ACADEMY –
PROCUREMENT AUTHORITY APPROVAL REQUEST**

REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES

ABSTRACT

Report seeking authority for the proposed procurement where the maximum value of the contract is above the Chief Officer's delegated authority limit.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) approves the estimated total cost of £1,000,000 for two phases split between 2016/2017 and 2017/2018 (at out turn prices);
- (ii) approves the procurement authority, as contained in this report, in accordance with the process stated in Section 16.8 of the Financial Regulations;
- (iii) notes that the project will be funded from the total allowance of £2,035,000 contained in the Capitalised Maintenance (Main Infrastructure Replacement) line in the Technical and Property Services programme of the 2015/2020 Financial Plan & Provisional Capital Budget 2016/17 presented to the Special Budget Meeting of Angus Council on 18 February 2016 (Report No: 62/16 refers); and
- (v) notes the financial implications included in Section 6 of this report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities
- Our communities are developed in a sustainable manner
- Our carbon footprint is reduced

3. BACKGROUND

3.1 In order to carry out significant maintenance works to Angus Council buildings which include an element of upgrading and improvements a programme of Capitalised Maintenance - Main Infrastructure Replacements was introduced to the General Fund Capital programme. Works were identified as part of the annual Financial Plan Submissions by Technical and Property Services. These works were high priority works which couldn't be contained within the annual Revenue Planned Maintenance or Renewal and Repair budgets and would also improve the fabric of the building and meet the requirements of capital budgeting. As part of the 2015/2020 Financial Plan bid the curtain walling to Block A at Arbroath Academy was identified as requiring replacement and upgrading.

3.2 The work is to be carried out over two phases in 2016/2017 and 2017/2018 to allow for the majority of works to be carried out during the school summer holidays in each year to reduce

disruption to the school. The funding was contained in the Capitalised Maintenance (Main Infrastructure Replacement) line in the Technical and Property Services programme of the 2015/2020 Financial Plan & Provisional Capital Budget 2016/17 presented to the Special Budget Meeting of Angus Council on 18 February 2016 (Report No: 62/16 refers).

4. SCOPE OF CONTRACT

- 4.1 The works comprise the removal of the existing curtain walling system and the design and installation of a new curtain walling system to Block A at Arbroath Academy. The works include asbestos removal, minor internal alterations, structural improvements, internal re-decoration and flat roof parapet replacement and repairs.

5. PROCUREMENT AUTHORITY

Objectives

- 5.1 The objectives of this project are to improve the teaching areas within the school by providing a wind and watertight walling system. The system is to provide improved u-values which will reduce energy usage and CO₂ emissions.
- 5.2 Work to upgrade the curtain walling to Block A, Arbroath Academy has previously been carried out by the Council's Technical and Property Services. The best practice and experience gained in procuring this type of work has been incorporated into the design elements and specification for this project. This will include the utilisation of sustainable materials and techniques which protect and enhance the built and surrounding environment and delivers high standards in terms of low carbon emissions, standards of comfort, reduction in operating costs and reduced maintenance costs. The upgrading of the curtain walling meets the project objectives.

Sourcing Route/ Collaborative Opportunities

- 5.3 Collaborative procurement opportunity details were passed to Tayside Procurement Consortium (TPC) colleagues on 15 February 2016. Confirmation was received on the 24 February 2016 from TPC that based on the size, type and timescale of the proposed project there are currently no opportunities for collaborative procurement for the Council's requirement under the umbrella of TPC. This will be reviewed in future as part of any procurement strategy for the delivery of a similar programme.
- 5.4 Technical and Property Services has successfully completed various phases of replacement curtain walling at Arbroath Academy. As these works are generally carried out by a specialist contractor is it not considered that there will significant interest generated on this project. In this case in order to ensure that the Council can use the specialist knowledge of the tenderers a procurement process utilising the construction contract 'Design and Build' approach encompassing market competition on an 'open' basis with appointment of lowest acceptable tender is to be employed. This will be combined with minimum requirements that the contractors must meet and a robust open specification. This procurement option which has been used in the past and has been very successful in ensuring the design incorporates the tenderers specialist expertise and also meets the Council's requirements.
- 5.5 It is the recommendation of the Head of Technical and Property Services that the upgrading of the Curtain Walling, Block A, Arbroath Academy and associated works is procured using this procurement approach encompassing market competition on an 'open' tendering procedure and awarding to a single supplier (a single contract (lot)).
- 5.6 The project will be advertised on the Public Contracts Scotland (PCS) in line with Council policy in April 2016. Through searches online, via 'Constructionline' and via 'Public Contractors Scotland-Supplier Finder' no local contractors have been identified within the Angus area that would be capable of carrying out this work. If a suitable local contractor is subsequently identified then steps will be taken to alert them to the bidding opportunity prior to advertising the project.
- 5.7 Procurement will be through a single stage 'open' process which will require contractors to submit the standard European Single Procurement Document (ESPD) which is a requirement

under the Public Contract (Scotland) Regulations 2015 (for procurement commenced from 18 April 2016). Those bidders who satisfy the minimum qualifications thresholds set and communicated within the Contract Notice will then have their priced commercial documents assessed. The evaluation methodology is set out in Section 5.14 of this report. It is anticipated that invitations to tender will be issued in early April 2016 and returned during early May 2016. Following evaluation the projected award date for the award of the contract is mid May 2016. Following a seven week mobilisation period the Phase 1 works commence on site in early July 2016 with a twelve week contract period contract completion is expected in September 2016, the Phase 2 works commence on site in late June 2017 with a twelve week contract period contract completion is expected in September 2017.

- 5.8 The tender documentation will incorporate standard Scottish Building Contract 2011 (Design and Build) conditions, contract specific preliminaries, pricing documents, community benefit clauses, fair work practices question, pre-construction information pack, specification and drawings.
- 5.9 This report details the funding arrangements and procurement options for the upgrading of the Curtain Walling, Block A, Arbroath Academy that fall within the procurement authority requirements contained in Financial Regulations (FR) 16.8. This procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4. Approval of this report would mean that the contract can be accepted without the need for further approval by the relevant committees. In accordance with the current arrangements the contract award will be the subject of a 'Noting Report' and will be available on the Council's 'Information Hub'.

Sustainable Procurement Considerations

- 5.10 In accordance with standard practice the Technical and Property Services has integrated whole life costing within its best practice design approach for this project to assist in fulfilling the range of objectives detailed earlier. The upgrading of the Curtain Walling to Block A, Arbroath Academy was the only option available to fulfil the project requirements.
- 5.11 The design will incorporate the Sustainable Timber Policy approved by the Corporate Services Committee on the 23 October 2008 (Report No. 1040/08, Article 11 refers) ensuring that all timber or timber materials required for this contract will be from sustainable sources.
- 5.12 The project specification will include minimum u-value's which will reduce the buildings energy costs and CO₂ emissions. This will assist the Council in meeting its carbon dioxide emissions targets
- 5.13 The curtain walling will incorporate opening windows within the system. This will introduce natural ventilation to the building and reduce the requirement for mechanical ventilation systems.
- 5.14 The double glazing units in the curtain walling system will contain low-e laminate glass throughout and tinted solar control glass to the South Elevation will be installed. This will improve the energy efficiency of the building by ensuring heat is retained in the winter with solar gain being reduced in the summer.
- 5.15 The successful bidder will be required to meet the community benefits contained within the invitation to tender which will be considered to be proportionate to the contract.

Procurement Procedure and Contract Award

- 5.16 It is considered that, based on a Design and Build option, a single-stage 'open' tender procedure is the best means of procuring the works. There is anticipated to be limited interest in tendering for this work, based on the specialist nature of the bidders. This process will allow the Council to quickly procure the works without the additional time spent on carrying out an initial contractor selection which may result in a list of selected bidders below the normal maximum of six.
- 5.14 The Invitation to Tender will include minimum qualification thresholds, technical section and a commercial section. Following assessment of the qualification and technical sections any

bidders who meet these requirements will then have their commercial section evaluated. The tender overall evaluation process will be as noted below:

- Minimum Qualification requirements includes: business probity, criminal convictions, economic and financial standing, technical capability/expertise, Health & Safety, fair work practices (including prohibited lists), equalities and contractual issues.
- Minimum Technical requirements includes: technical & professional ability previous relevant experience, technical references/statements, level of resources/capability, bidder's capability of supporting delivery of community benefits and environmental management awareness/standards and proposed design meets specification.
- Commercial (tender) Assessment: tenders checked arithmetically, lowest acceptable tender identified. The contract will be awarded on the basis of the lowest total price.

6. FINANCIAL IMPLICATIONS AND ALLOWANCE IN ESTIMATES

6.1 The estimated total cost for the upgrading of the Curtain Walling at Block A, Arbroath Academy is:

| | |
|--|-------------------|
| Upgrading of curtain walling and associated works | £885,000 |
| Allowance for professional fees, supervisory, travel and administrative expenses | £80,000 |
| | <hr/> |
| | £965,000 |
| Allowance for feasibility fees | £5,000 |
| Allowance for statutory payments and sundry expenses | £30,000 |
| | <hr/> |
| Estimated total cost (at out-turn prices) | <u>£1,000,000</u> |

Capital Implications - Funding

6.2 The project will be funded from the total allowance of £2,035,000 contained in the Capitalised Maintenance (Main Infrastructure Replacement) line in the Technical and Property Services programme of the 2015/2020 Financial Plan & Provisional Capital Budget 2016/17 presented to the Special Budget Meeting of Angus Council on 18 February 2016 (Report No: 62/16 refers)

6.3 Within the funding of £2,035,000 identified a budget for the works of £450,000 in 2016/17 (Phase 1) and £450,000 in 2017/18 (Phase 2) giving at total budget figure of £900,000. The estimated total cost for replacement curtain walling to all four elevations amounts to £1,000,000 which exceeds the available budget by £100,000.

6.4 Additional funding of £100,000 has been identified as follows:

- Funding for Arbroath Academy Upgrade of Sub-Circuits to C Block has been identified from Property's Repair and Renewal budget and Schools & learning Revenue Budget. This releases £100,000 from the Capitalised Maintenance (Main Infrastructure Replacement) programme contains a £100,000 allowance for this works which can be reduced to £80,000 releasing £20,000 to fund this project.
- Works to The yard. Forfar which has been included in the Capitalised Maintenance (Main Infrastructure Replacement) programme for 2017/18. As this property has been identified as surplus to the Council's needs in Report Nr 480/15 approved by

Angus Council on the 10 December 2015 the works to this building has been deferred until later years. This has released £80,000 to fund this projects

- 6.5 The Technical and Property Services section of the General Fund Financial Plan will be adjusted at its next update to accommodate the revised estimated total cost of £1,000,000. This funding will be split over two years with Phase 1 expenditure of £500,000 in 2016/17 and Phase 2 expenditure of £500,000 in 2017/18.

Revenue Implications – Corporate Loan Charges

- 6.6 The overall mix of funding of the HRA capital budget (e.g. borrowing, receipts) is determined as part of the Council’s year end final accounts process. This assumes that the overall required capital funding of £1,000,000 is met from borrowing. The following table shows what the loan charges will be at certain points over the borrowing write off period.

| | Year 1 2016/17 £000 | Year 5 2020/21 £000 | Year10 2025/26 £000 | Year 15 2030/31 £000 | Year 20 2035/36 £000 | Year 25 2040/41 £000 |
|------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Estimated loan Charges | 24 | 65 | 70 | 76 | 84 | 92 |

- 6.7 Loan charges are estimated to be an average of £73,000 per annum over a 25 year period and £1,960,000 in total. Loan charges have been calculated in line with the assumptions within the Long Term Affordability review presented to the Special Budget Meeting of Angus Council. This project was included in that review and as the review concluded that the overall revenue consequences (including borrowing costs) of the Council’s proposed total capital spend can be sustained on a long-term basis, the loan charges noted above can be regarded as affordable.

Revenue Implications – Annual Running Costs

- 6.8 No significant revenue implications have been identified in relation to annual revenue recurring revenue running costs arising from this project. Based on the improvements to the energy efficiency of the building following the installation with the upgraded curtain walling it is anticipated that there will be a reduction in the revenue running costs of Block ‘A’. This saving will be relatively small and the energy consumption of the building will be monitored to ensure any saving is maximised.

7. OTHER IMPLICATIONS

Risks

- 7.1 A risk assessment is being undertaken for this project and other than the normal risks inherent in carrying out a project of this size and complexity, no other significant risks have yet been identified. Technical and Property Services have extensive experience of procuring projects of this nature in a timely manner and every measure will be taken to ensure this contract is effectively managed.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Corporate Services Committee 20/10/08 Report No 1040/08 – Sustainable Sourcing of Timber and Timber Products for Property Construction Projects
- Angus Council 10/12/16 Report No 480/15 – Transforming Angus: Agile Working and Estates Review
- Special Budget Meeting 08/02/16 Report No 62/16 – 2015/2020 Financial Plan & Provisional Capital Budget 2016/17

Report Author: Ian Cochrane, Head of Technical and Property Services
Email Details: Communitiesbusinesssupport@angus.gov.uk