

REPORT OF
The Strategic Director for Place
TO
Procurement Board
on 3rd March 2021

TITLE: Approval to Award the Contract for Chapel Street Remedial Works

RECOMMENDATION:

That the City Mayor;

1. Note the contents of the report and approve the appointment of AE Yates at a cost of £1,302,196 to undertake the construction of Chapel Street Remedial works through a Direct Award.
 2. Approves the exception to Council Standing Orders due to urgency to procure the works and carry out the works on site in the time available prior to major highway works commencing within the regional centre.
 3. Approves the creation of purchase orders to enable payments to be made to the contractor above;
 4. Approves the allocations of £23,000 for tree works and £234,073 risk allowance to be drawn down by the Project Team.
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| Detail required | Answers |
|--|------------------------------|
| Title/Description of Contracted Service/Supply/Project | Chapel Street Remedial Works |
| Name of Successful Contractor | A E Yates |
| Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i> | 00415632 |
| Type of organisation <i>(to be supplied by Corporate Procurement)</i> | Private Limited Company |

| | | |
|--|--|-------------------------------------|
| Status of Organisation <i>(to be supplied by Corporate Procurement)</i> | Non-SME | |
| Contract Value | £1,302,196 | Full Project |
| Tree Investigations | £23,000 | Allowance |
| Risk Allowance | £234,073 | Risk Allowance |
| Contract Duration | 7 months | |
| Contract Start Date | 29/03/2021 | |
| Contract End Date | 29/10/2021 | |
| Optional Extension Period 1 | months | |
| Optional Extension Period 2 | months | |
| Who will approve each Extension Period? | Choose an item. | |
| Contact Officer (Name & number) | Opu Anwar x4880 | |
| Lead Service Group | Place | |
| How the contract was procured? <i>(to be supplied by procurement)</i> | | |
| Framework Details (where applicable) <i>(procurement body, framework reference & title, start/ end date)</i> | | |
| Funding Source | Capital Programme | |
| Ethical Contractor | Mayor's Employment Charter Committed to sign up to charter | <input checked="" type="checkbox"/> |
| | Accredited Living Wage Employer | <input checked="" type="checkbox"/> |

EXECUTIVE SUMMARY:

The purpose of this report is to seek approval for the award of the above mentioned contract.

The regeneration of the Chapel Street area was one of the most important projects in Central Salford. The revitalisation of the historic core of the City, linking the University of Salford to a new Corporate Centre around Salford Central Station, is creating a new high quality environment for investing, living, working and visiting. English Cities Fund is the lead developer partner with Salford City Council and other third party land owners and developers for this regeneration.

At the meeting on 20th October 2009, the Lead Member for Planning approved the proposals for the *Chapel Street Project - Highway and Public Realm Improvements*

between Oldfield Road and Trinity Way which served to reduce traffic volumes along Chapel Street and enhance the public realm.

The highway and public realm improvement works on Chapel Street were carried out between 2011 and 2012. Shortly after completion of the works defects started appearing in the carriageway which have deteriorated over time. Several attempts at solutions to rectify the defects have proven unsuccessful. Following further deterioration Salford Council and Urban Vision/Galliford Try came to a financial settlement which will be used to contribute to the proposal to carry out repair works to Chapel Street.

The initial proposal has been revised and a detailed design process was required for the current proposal. AE Yates were commissioned as a Design and Build contractor as a direct award to undertake this work. AE Yates successfully won the tender for the initial proposal for the remedial works (through the Bolton Highways Framework) and have worked with Salford to come up with an acceptable solution for Chapel Street.

BACKGROUND DOCUMENTS:

Report of the Strategic Director for Sustainable Regeneration to Lead Member for Planning 14th June 2010

Report of the Strategic Director Place to Procurement Board 10th July 2019

KEY DECISION:

Yes

DETAILS:

Background

At the Procurement Board Meeting held on 10th July 2019 approval was given to procure AE Yates to provide Design and Construction for remedial works on Chapel Street through a Direct Award.

The award was made through an exception to Council Standing Orders due to urgency to procure the works and carry out the works on site in the time available prior to major highway works commencing within and around the regional centre.

Due to additional site investigations required by the utilities companies, changes in scope requested by the City Council and the Coronavirus pandemic, works have not been able to commence on site in the original intended timescales. There have also been delays to other projects in the regional centre which effectively mean that the urgency to carry out works to repair Chapel Street is still very much valid.

The principle of constructing block paved carriageway on major routes has proved troublesome not only on Chapel Street but on other routes in the region and country. A lack of consensus on the cause of the defects mean that it is difficult to be confident that a repair to reinstate the carriage way using the original specification will not fail again in the future so that was ruled out almost immediately.

At the time of award of the Design and Build contract, Salford were considering replacing the granite block paving with a traditional bituminous road surface topped with 'imprinted concrete' to replicate the appearance of a block paved carriageway but in a more robust material. There were no inherent deficiencies in the imprinted concrete material and where it has been used in the past, it has held up well. However, given the budgetary constraints, potential future maintenance liabilities and a change in thinking over the past decade about where to target feature surfaces on the highway, the decision was made to opt for a traditional bituminous road surface finish.

Great George Street Lay-by

Salford Cathedral have over the past few years been redeveloping the cathedral grounds. As part of this they have been reviewing their facilities for vehicles for events such as funerals. Currently vehicles associated with funerals occupy Chapel Street, in front of the cathedral, which occupies the bus lane.

Great George Street, which lies at the side of the cathedral, would be an alternative parking location by way of a newly constructed lay-by that the Diocese would like to utilise rather than Chapel Street. Great George Street comprises a one-way street with mandatory cycle lanes in each direction and several uncontrolled pedestrian crossing points. The footway is very wide on the cathedral side and could incorporate a lay-by to be used for funerals.

A feasibility exercise was carried out by Salford Council Technical Services and the detailed design for the lay-by will was carried out by AE Yates who have incorporated this into the main Chapel Street Remedial works

Chapel Street Trees

As part of the original Chapel Street works in 2011, 8 trees were planted in the central reservation. Even though there was a root protection system constructed a number of the trees died and have had to be replaced. Subsequently, the replacement trees have also died pointing towards a problem with the root system.

As the cause of the death of the trees is unknown, the Remedial works include excavation of the central reservation and an allowance has been included in the budget for investigations to be carried out and suitable measures to replace either the root infrastructure, the trees or both.

Procurement

The Design and Build contract was awarded to AE Yates as they had demonstrated a competitive price through the original tender process for the Chapel Street Remedial works in 2018 through the Bolton Highways Framework. AE Yates have also carried out a number of successful schemes for Salford over the past 20 years.

The appointment of a Design and Build contractor has resulted in the following benefits;

- AE Yates and their consultants have worked with the Statutory Undertakers to reduce the statutory undertakers estimates from £1.13million to just over £25,000.
- Highlighted Departures from Standard with the original proposal that would have left the Council with continual maintenance issues.
- Devised a proposal that removes the existing concrete foundations and replaces with a traditional road construction. This is the preferred option to remove the greatest amount of maintenance liability for the City Council in the future.
- Worked with the Council's Network Management team to agree traffic management proposals, submit the requisite Temporary Traffic Management Orders and co-ordinate with other works in the area. With a traditionally tendered scheme this level of dialogue usually occurs with the contractor post award of the construction contract. In this case, as these discussions have taken place during the design phase the uncertainty and timescales required from award of contract to start on site have reduced.

The tendered price from AE Yates has been returned at £1,302,196. This is in line with the anticipated value.

There is an unknown element of work with regard to the tree planting in the central reservation, which only the excavation of the existing tree pits will provide the opportunity to investigate and determine a solution. An allowance of £23,000 has been made for this work.

A number of site investigations have been carried out to eliminate as many risks as possible during the construction phase. It is rarely possible to eliminate all risks therefore an allowance of £234,073 is recommended to be set aside within Council funding to be used in the event of unforeseen events.

In summary, Procurement Board is asked to approve the following;

| | |
|-------------------|-----------------------------|
| £1,302,196 | Tender price from AE Yates |
| £23,000 | Allowance for Tree Planting |
| £234,073 | Risk Allowance |
| £1,559,269 | Total |

Social Value

AE Yates' ability to deliver Social Value outcomes was assessed as part of the design process. They were asked to respond to a series of questions that covered the following areas which would deliver social value outcomes during construction.

- Details of any traineeships, apprenticeships, work experience placements and employment of local labour on this contract;
- Details of any commitments to pay the Salford Living Wage (as published by the [Living Wage Foundation](#));
- Details of any local companies to be employed as sub-contractors or local suppliers to be utilised in delivering this contract;
- Details of any planned engagement with local secondary schools around curriculum and careers development (such as group/individual mentoring, work place visits, virtual tours and traditional work experience).
- Details of any proposed donations or in-kind contributions to local community and user groups such as (but not limited to): primary and secondary schools, community village associations, civic trust, scouts and brownie groups, age and mental health related groups. This should detail the group(s) and the amount of any financial donation, or estimated monetary value of the donation of materials, etc;
- Details of any proposed corporate volunteering days to be undertaken as part of this contract to support improvements in the local area (NB: at this stage this doesn't need to include the specific activity to be supported – this can be discussed with the City Council upon appointment). This should detail numbers of volunteers and the numbers of hours / days to be offered;
- Details of any specific environmental sustainability practices / measures to be employed on this contract;
- How you will develop, monitor and report upon the social value you deliver.

AE Yates provided the following response;

“A E Yates are fully committed to developing and safeguarding local employment, and to the delivery of local social value through our operations and procurement activities.

Salford Living Wage

We value our employees as our greatest company asset and as such recognise and fully support the Living Wage Foundation and Salford Living Wage Campaign promoting sustainable pay for all employees.

Apprenticeships/Trainee Recruitment/Work Experience

We have a policy of direct employment and always seek to supplement our current workforce by employing local skilled/unskilled people, with a view to offering full-time employment/training.

If we are awarded the Chapel Street Project we will:

- Offer labour/operative employment/mentoring/training opportunities to local people (Target 2 new local employees)
- Offer at least 1 vacation placement to an engineering/surveying student from Salford University
- Provide work experience opportunities to our/shared apprentices/trainees (Target 3)
- Offer a series of Construction Industry Workshops/Site Visits to local high schools

Local Supply Chain Partners:

We have been an accredited supporter of the 'Salford City Mayor's Charter' since 2014.

We have already identified the following locally based subcontractors/suppliers from our existing approved supply chain to support us in the delivery of this contract:

- Road Markings – SIS Ltd (Stretford)
- Planing/Surfacing – Tarmac (Salford)
- Paving/Kerbing – PB Civils Ltd (Whitefield)

We fully anticipate identifying additional Salford/Greater Manchester supply chain partners in delivering this project.

Contributions to local community

As a responsible and socially aware local company we are fully committed to the delivery of local social value through our operations/procurement activities.

If awarded the Chapel Street project we and our supply chain will commit to:

- Any monies raised from recyclable materials will be donated to local good causes
- Pro-active PR and liaison with local residents/businesses/community groups
- Adopt and support nominated local charity/community group
- Support 'Social in Salford'
- Sponsor/support a nominated local sports team/community group
- Encourage employees to become involved in local charities/fund raising
- There are a number of nurseries/schools within the scope of the works, we will actively become involved in visits/competitions/fundraising activities
- We will Target £10,000 contributions during the currency of the contract

Volunteering Days

It would be possible to allocate all site resources for two or three days throughout the duration of the contract to assist with a local project(s). This would include all resources from Project Management to general labour. Typically the average labour/management will be 10/12 people.

Environmental / Sustainability Practices

AEY operate to an Integrated HSQE Management System (IMS), (EMS component certificated to ISO 14001). Should we be awarded the Chapel Street contract the EMS policies/procedures/commitments will be applied and we will:

- *Reduce/Reuse/Recycle/Recover where possible*
- *Minimise Disposal*
- *Use materials with a high recycled content*
- *Use the most efficient powered equipment available (Reduced CO2)*

Develop/Monitor/Report Social Value

Together with Salford CC we will measure/report on 'social value' outputs/targets throughout project delivery through:

- *Jointly developing a project specific Employment/Community Engagement Plan (ECEP)*
- *Jointly set achievable/measurable ECEP targets & goals*
- *Make ECEP monitoring/reporting an agenda item for 'Monthly Progress Meetings'*
- *Appoint a 'Champion' from the senior site team to promote ECEP/Social Value"*

KEY COUNCIL POLICIES:

Salford Central Planning Guidance, March 2008;
Supplementary Planning Document, Design (Shaping Places, March 2008
Salford's Development Plan – Chapel Street Frontage
The Great 8 – Transport; Economic Development

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

N/A

ASSESSMENT OF RISK:

Medium – As the integrity of the block paved carriageway on Chapel Street has been compromised, continual cycles of warm, wet and cold weather will cause, the carriageway condition will deteriorate even. This may result in potential claims from road users against the Council and more of a struggle for developers to sell new apartments that have recently and are continuing to be built.

SOURCE OF FUNDING:

General unsupported borrowing, DfT Grant and Claim Settlement monies.

LEGAL IMPLICATIONS: Tony Hatton, Principal Solicitor

Ordinarily when commissioning contracts for the procurement of goods, services or the execution of works the Council as a 'contracting authority' must comply with the Public Contract Regulations 2015 as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value. For contracts of this value the Council would usually undertake a compliant procurement/tender exercise by going out to formal written tender on the

Chest complying with the OJEU procedure, in the absence of which the award may be subject to legal challenge.

The report asks the Procurement Board to grant an exception to CSO's and appoint AE Yates Ltd to undertake urgent repair works at Chapel Street. The exception to CSO's is being sought to directly award the contract to AE Yates Ltd to ensure the works can be commenced and completed urgently over the early summer period.

Whilst the value of the works in the report are below threshold the PCR require that contracting authorities treat candidates equally and in a non-discriminatory way and act in a transparent manner, failing which the award of a contract may be subject to legal challenge.

However in exceptional circumstances where CSO's permit, the Council may dispense with strict compliance of its CSO's, and the report sets out the reasons for the request for the exception, in accordance with paragraph 3.1 of CSO's. Whilst exceptions may be authorised by an approval from the Procurement Board, there is still a risk of challenge from aggrieved providers if a fully compliant process has not been followed on the basis that it ought to have been advertised and put out to competition.

The risk of challenge increases with the value and duration of a proposed contract being awarded. The report sets out the reasons for the need to enter this contract, the benefits and the financial value to the Council, and also states the reasons for the request for exception, such as the urgency required in appointing AE Yates.

The Council is also under a best value duty to carry out its functions economically, efficiently and effectively with the objective to achieve value for money in all public procurement. The Council has considered the circumstances in this matter and concluded that the recommendation to award the contract to AE Yates is considered to be of least risk and of most benefit to the Council.

As the value of the contract award exceeds £1 million, CSO's state that Procurement Board will recommend the award to the City Mayor who can then take the decision.

FINANCIAL IMPLICATIONS:

Supplied by: Alison Woods, Finance Officer, (Capital)

Date: 16th February 2021

The aforementioned contract award to AE Yates and associated tree works, totalling £1.325m, will be met from a combination of previously approved general unsupported borrowing, DfT grant and claim settlement monies.

A risk allowance of £0.234m (15% of £1.560m, which the total scheme costs including professional fees, site investigations and statutory undertakers costs) has been included within the overall scheme budget.

Expenditure code: A10095

PROCUREMENT IMPLICATIONS: Supplied by: Heather Stanton (ext 6241)

This report seeks approval for an exception to contractual standing orders. Procurement board has authority to grant a waiver to CSO's and the reasons for requesting an exception in this instance is outlined in the report.

There is always a risk associated with applying an exception as this could potentially lead to a challenge from an aggrieved supplier if the opportunity was not sufficiently advertised in accordance with CSO's. The risk of challenge increases with the proposed value and term of contract however due to the nature of the works and urgency to complete before further deterioration occurs of Chapel Street, the risks could be deemed to be low. The potential of any disruption to the planned programme of works across the road network would be detrimental to the Council's interest and would result in additional costs.

HR IMPLICATIONS: N/A

CLIMATE CHANGE IMPLICATIONS: Supplied by: Opu Anwar / Mike Hemingway

Chapel Street is part of a very busy bus corridor connecting to the regional centre. The current condition of the carriageway will have some level of detriment to bus journey times. The repair of the carriageway and reduction of future maintenance visits with associated traffic management measures will assist with reducing delays to bus journey times, thereby encouraging public transport use.

OTHER DIRECTORATES CONSULTED: N/A

CONTACT OFFICER: OPU ANWAR (ext 4880)

WARD(S) TO WHICH REPORT RELATE(S):
Irwell Riverside
