

REPORT OF
The Strategic Director for Place
TO
Procurement Board
ON
28th July 2021

TITLE: Approval for the outcome of the mini-competition (Stage 1) procurement process conducted through the Innovation Chain North Framework to award the contract to Crossfield Construction as constructor partner to design and build a housing project at Longshaw Drive, Little Hulton.

RECOMMENDATION:

That Procurement Board:-

- (a) Approves the award of the following Stage 1 contract for a project approved under the current Capital Programme in accordance with the following:-
 - (i) Approves the outcome of the mini-competition (Stage 1) procurement process conducted through the Innovation Chain North Framework to award the contract to Crossfield Construction as constructor partner to design and build housing project at Longshaw Drive, Little Hulton. Crossfield Construction submission produced a normalised evaluation score of 88.84% and represents best value to the Council.
 - (ii) Approves that delegated officers acting on behalf of Salford City Council progress with the constructor partner in selecting a design and finalising costs for the delivery of the project in line with an agreed budget. This is the second stage of a 2 Stage procurement process and will take design up to RIBA Stage 4. This stage is the final design stage where all design information should be fully co-ordinated and completed to enable the construction of the project to be progressed.
 - (iii) Approves that a pre-construction agreement be issued to cover the period between August 2021 up to when the formal contract is executed (expected to be around March 2022).

(iv) Authorises that interim payments up to the value of £349,000 be made under the terms and conditions of the pre-construction agreement with Crossfield Construction

Detail required	Answers						
Title/Description of Contracted Service/Supply/Project	Design and Build Contract for a Housing Project at LongShaw Drive						
Name of Successful Contractor	Crossfield Construction Ltd						
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	07963048						
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>	SME						
Contract Value	£331,347.45 Full Project £349,000 including surveys and associated costs						
Contract Duration	Approx. 9 months						
Contract Start Date	01/08/2021						
Contract End Date	30/04/2022						
Optional Extension Period 1	months						
Optional Extension Period 2	months						
Who will approve each Extension Period?	Choose an item.						
Contact Officer (Name & number)	Andrew Leigh 07970 379519						
Lead Service Group	Place						
How the contract was procured? <i>(to be supplied by procurement)</i>	Framework Call-off (Mini Competition)						
Framework Details (where applicable) <i>(procurement body, framework reference & title, start/ end date)</i>	Innovation Chain North Framework						
Funding Source	Capital Programme						
Ethical Contractor	<table border="0"> <tr> <td>Mayor's Employment Charter</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Committed to sign up to charter</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Accredited Living Wage Employer</td> <td><input type="checkbox"/></td> </tr> </table>	Mayor's Employment Charter	<input type="checkbox"/>	Committed to sign up to charter	<input checked="" type="checkbox"/>	Accredited Living Wage Employer	<input type="checkbox"/>
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EXECUTIVE SUMMARY:

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

BACKGROUND DOCUMENTS:

Exempt under Paragraph 3 of Schedule 12 A of the Local Government Act 1972

“Tender Submissions and Evaluation documents”

KEY DECISION: Yes

DETAILS:

1. Background

The report seeks approval to commit to appointing a contractor to develop costs and designs for housing projects under a two-stage design and build procurement route.

Salford Council is working in partnership with Derive to provide affordable housing developments in Little Hulton. Under previous appointments the group are working with suitably qualified design consultants to provide Architectural services for the development of high quality new homes.

As part of this Salford Council has committed to delivering 177 units, 45 apartments and 132 houses, with funding to be provided by the Council through a loan agreement and an application for Homes England affordable homes funding. It is intended that the homes on completion will be transferred to Derive as part of the council's aspirations for direct delivery.

The Council are the lead development partner and have previously entered contracts with a developer through Scape to proceed with the project to Planning Stage based on a brief. The brief was to Develop the masterplan layout to a completed RIBA Stage 2 design that would allow the developer to present a Scape Gateway 3 Report including a Cost Plan for the Council to review/approval. On receipt of the Cost Plan and following an external Value for Money review it was agreed not to proceed via Scape, appoint project management, design and planning support to submit planning and seek competitive costs via a tender process under the Innovation Chain North Framework.

Following that process this report recommends the appointment of a contractor to develop designs to RIBA Stage 4 and produce a detailed Contract Sum Analysis, under the second stage of a two stage tender and to bring forward the site for delivery.

As part of the above Identity Consult Limited have been previously appointed by the Council to undertake initial project management to run the first stage of a two stage tender. Planning application was made in March 2021 and following a request for an extension to the usual consultation period, a decision is expected in September 2021.

Following conclusion of a first stage tender process under the Innovation Chain North Framework, Crossfield Construction is ranked as preferred Contractor. Crossfield has provided a 141-week programme which is an improvement on the 156 assumption and which was assessed as deliverable. The next stage to be taken is a costed developed design under a two-stage design and build tender process.

There will be a requirement for a pre-construction agreement to be issued to cover the period of time between August 2021 up to when the formal contract is ready to be executed.

Under the terms and conditions of such a pre-construction agreement interim payments will need to be made to the contractor for costs accrued up to the agreement of a full contract price under the Stage 2 process.

2. The Procurement Process

The contract was procured in accordance with Contractual Standing Orders and tenders were invited by mini competition under the Innovation Chain North Framework.

Three companies submitted a tender and these have been evaluated in accordance with the criteria set out in line with the mini competition tender documents.

The evaluation scores are scheduled below:-

Name of Bidder	% Price score Max 40%	% Quality score Max 60%	% Overall Score 100%
Crossfield Construction Ltd	37.24	51.60	88.84
Provider B	40.00	41.40	81.40
Provider C	27.59	43.50	71.09

Following the evaluation process the company that scored highest in accordance with the selection criteria was Crossfield Construction Ltd. Their submission produced a score of 88.84% and represents best value to the Council.

3. Social Value

The Contractors ability to deliver Social value outcomes was assessed as part of the Framework process; the successful bidder demonstrated a satisfactory capacity to deliver Social value outcomes which also impact on local issues.

In their bid Crossfield Construction Ltd stated that they are committed to support Salford City Council's Policy and will support our aims to build community spirit, improve environmental sustainability and increase local economic benefit. This will be delivered by:

Economic Development

- Creating at least 5 jobs for local people. In partnership with Salford Employ, providing them with details of any vacancies first so unemployed residents are prioritised.
- Employ a fully local supply chain – Use existing relationships with Greater Manchester supply chain to ensure 75% of supply chain are from within a 15 mile radius of the site (100% from within 25 miles). Host a ‘Meet the Buyer’ event in Little Hulton to provide opportunities for new suppliers.

Educational opportunities

- Organising a minimum of 10 activities aiming to reduce social, cultural and digital exclusion. Engaging with local organisations to help hard to reach groups find pathways to employment e.g. Women with Wings, Mustard Tree. Partner with Reach Out to provide voluntary mentoring and support to young people from disadvantaged communities. Run IT support/digital skills sessions to help residents ‘get online’ and use helpful resources.
- Provide 80 apprenticeship weeks for age 15+. Working with Worsley College, Bridge GM, Little Hulton Skills Centre and Salford Foundation Trust to help co-ordinate apprenticeships and provide CV workshops, mock interviews and careers advice. To assist in enhancing the learning opportunities available for young people.

Health and Social Care

- Providing 10 health and wellbeing initiatives for local people. This will be undertaken by displaying support around the site e.g. promoting NHS healthy Start and contact details for mental health support. Work with Community Little Hulton to deliver outdoor activities for young people. Engage with Worsley Leisure Centre or other local instructors to coordinate adult fitness activities.
- Providing 10 health and wellbeing initiatives for staff and the supply chain. Host mental health awareness sessions. Support staff to stop smoking. Provide team building days to promote exercise and reduce stress.

Social Impact

- Ensure MSMEs make up at least 50% of the supply chain and employ at least 5 VCSEs. Provide training and assistance to MSMEs who have not previously been successful, helping them gain a place on the preferred supplier list. Use GMSSEN Social Enterprise Directory to seek out GM/Salford based companies. Employ VCSEs to run community initiatives such as Feelgood Communities and DOSport UK.
- 30 staff volunteering days and 10 charity donations. Use volunteering days to support Mustard Tree in their Food Clubs and Freedom Project, to assist in the eradication of rough sleeping. Donation of goods from collection boxes in site cabins and regularly donate food to the community Hub at Little Hulton District Centre.

Climate Emergency

- Reduce 96% site waste, 5 environmental activities and reduce carbon emissions by 10% per year. This will be achieved by diverting waste from landfill and implementing waste management strategies. Supporting The Conservation Volunteers' I Dig Trees programme and local Green Gym events. Utilising sustainable site accommodation and promoting Cycle to Work Scheme, renewable energy and ethical procurement.

Crossfield Construction will be asked to provide further evidence in support of the Stage 2 negotiated tender process. This will be closely monitored as part of the ongoing contract management.

KEY COUNCIL POLICIES:

All relating to affordable housing provision policies. The Sustainable Development and Carbon Reduction Programme are also accounted for.

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: N/a

ASSESSMENT OF RISK: Medium.

The programme has been developed to achieve the delivery of contracts to meet the grant funding criteria and the necessary phased completion dates.

Procurement Board should note that full ownership control of the site has not yet been secured.

This will be a risk to development progression and business plan viability if not resolved quickly and at reasonable cost. Officers are confident this can be achieved.

SOURCE OF FUNDING:

The cost of this scheme is built into the approved capital programme funded from a combination of self-financing borrowing and grant funding on the basis that all units will ultimately be funded by Derive on their transfer at completion.

LEGAL IMPLICATIONS: Supplied by: Tony Hatton (Principal Solicitor) Tel. 219 6323.

When commissioning contracts for the procurement of goods, services or the execution of works, the Council must comply with the public procurement regulations and its own Contractual Standing Orders, failing which a contract may be subject to legal challenge from an aggrieved provider. The proposed award of the contract

follows a tender exercise by mini competition in accordance with the Innovation Chain Framework.

The purpose of a framework agreement is to select through a procurement/evaluation process a number of providers who can meet the service requirements of the Council, as and when those services are required. If they are required then the Council will undertake an exercise to call off the services from one or more of the providers who have been selected to be on the Framework and this may be through any number of ways e.g. mini-competition, direct allocation etc depending on the circumstances. A contract will then be formed between the Council and the chosen provider/s.

The Council will need to have followed the procedure set out in the framework agreement for mini competition to ensure the procurement process is compliant. Three tenders were received from framework suppliers for this project, which have been evaluated on the best value tender basis in line with procurement procedures resulting in the proposed award of the contract to Crossfield Construction Ltd. The procurement procedures therefore appear robust and compliant with the requirements of the City Council's contractual standing orders and public procurement legislation.

The award of the contract will commit the City Council to the formal arrangement and upon receipt of instructions Legal Services will assist in preparing the necessary contractual documentation to ensure the City Council's position and interests are protected.

Outstanding ownership issues are as outlined in the risk section.

FINANCIAL IMPLICATIONS: Submitted by: Chris Mee Strategic Finance Manager ext 0434

The business case for this scheme received in principle approval from cabinet in December 2020 based on an estimated cost for the scheme that was affordable to be funded on transfer of the units by Derive. Provision has been included within the approved capital programme on that basis funded from a combination of self-financing borrowing and grant funding.

The appointment of a contractor and move to the stage 2 process will allow the affordability of the scheme to be confirmed at which point further approval to proceed will be required, both from the council and the Derive board.

The cost for the Second Stage tender process is £331,347.45 Full Project £349,000 surveys and associated costs, to be met from within the budget for the scheme.

In the unlikely event that this scheme does not go ahead this stage 2 cost identified above will be abortive and will fall on the council.

Other associated Professional fees i.e. Project Manager, Employers Agent, Cost Management will be subject to a separate report.

PROCUREMENT IMPLICATIONS: Supplied by: Deborah Derbyshire (Category Manager – Corporate Procurement Team) Tel: 0161 686 6244

The contract was procured through a compliant process by use of the Innovation Chain North Framework by use of the stage 1 tender process. The process is in accordance with Contractual Standing Orders and the Procurement Contracts Regulations.

The winning tenderer also supports the Council's objectives of delivering social value on this contract.

HR IMPLICATIONS: Supplied by: N/a

CLIMATE CHANGE IMPLICATIONS:

The project is being developed as Low Energy Low Carbon to exceed current Building Regulations relating to energy efficiency and carbon reduction. The operational and running costs of the new houses will be a significant factor in the overall requirements. The designs are required to support the objectives of Salford City Council becoming carbon neutral by 2028.

Crossfield have stated that they will apply environmental management activities to develop the schemes which will support the GMSF work and they are accredited under ISO 14001:2015.

The final project design and construction will be in full compliance with current building regulations with aspects which exceed these where possible.

Any sustainability plan would be targeted to also align with opportunities to deliver social value outcomes.

OTHER DIRECTORATES CONSULTED: N/a

CONTACT OFFICERS:

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WARD(S) TO WHICH REPORT RELATE(S): Little Hulton