

**Cabinet Member Delegated Decision 11 July 2017**

**Contract Award - provision of basement excavation and underpinning works at Carnegie Library**

**Wards:** Herne Hill

**Portfolio:** Councillor Sonia Winifred, Cabinet Member for Equalities and Culture

**Report Authorised by:** Sue Foster: Strategic Director for Neighbourhoods and Growth

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**Report summary**

This report recommends the award a Phase 1 construction contract to Forcia Limited to excavate and replace the basement at Carnegie Library. Once complete the council and its agents will seek to enter into a phase 2 tendering exercise to create a Healthy Living Centre and Gym to be managed by Greenwich Leisure Limited (GLL).

This is the first phase of works; - Phase 1. Basement Excavation Works to Shell and Core

It is intended that construction works for Phase 1 will commence on site on immediately and will last 30 weeks

Phase 2. Conversion and Fit-Out Works will be let as a separate contract and works and will run concurrently with the overall completion date of December 2017.

**Finance summary**

The total cost of the contract award is £1,255,130.07. The funding for this award is comprised of £2m of Capital Receipts and £1m from the joint proceeds of the profit share agreement between LBL & GLL via the councils Leisure Contract. The agreement with GLL for this is still pending and is required for the full delivery of the project, but there is sufficient funding from Capital Receipts to cover the value of this particular award.

**Recommendations**

To approve the award for the Phase 1 Basement Excavation and underpinning of Carnegie Library to Forcia Limited for £1,255,130.

Reason for Exemption from Disclosure

The attached part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972:

Paragraph 3: Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).

## **1. Context**

- 1.1 The Carnegie Library is a Grade II listed building. It closed on 31st March 2016 and it will reopen on completion of the works as a healthy living centre with a self-service neighbourhood library.
- 1.2 Greenwich Leisure Limited (GLL) and its agent, iCon Building Consultancy, will act as project managers for basement works and the construction on behalf of Lambeth Council.
- 1.3 The works will be carried out in two phases:
  - Phase 1 Basement shell and core (excavation) works £1.16m
  - Phase 2 Conversion and Fit Out works, including new Neighbourhood Library £1.50m
- 1.4 Planning and Listed Building Consent was granted on 7 February 2017.
- 1.5 The principle of a Healthy Living Centre and Neighbourhood Library at Carnegie was set out in the Culture 2020 Report approved by Cabinet on 12 October 2015.
- 1.6 This report seeks agreement to appoint the Building Contractor to carry out the construction works to the Basement.

## **2 Proposal and Reasons**

- 2.1 A one stage procurement exercise was carried out using the Open procedure. This was initiated by publication of the Invitation to Tender pack on EU Supply, Lambeth's online tendering portal. The value of the project is below the £4,104,394 EU threshold for Works. The advantages with advertising on Construction line for additional accredited suppliers (£160k to £4m) are that Lambeth could secure bids for a bespoke construction project and hopefully maximise the number of genuine bids received.
- 2.2 ICon Building Consultancy prepared the Plans, Specification and Schedule of Works as part of the tender documents. These were sent to five suppliers registered on Construction line. The contractors were selected based on their experience of working with Listed Buildings, ground works and underpinning
- 2.3 Lambeth Procurement also used Construction line to invite two additional randomly selected suppliers based on previous experience and location (after checking they were interested). The notice was also published on Contracts Finder and the Lambeth Website. The procurement was conducted on a 30% quality/70% price ratio.
- 2.4 The evaluation panel assessed tender responses to the quality questions outlined in table 1 and the marking scheme outlined below.
- 2.5 Only those responses which achieved the minimum acceptable Quality Score were included in the Price Evaluation Process.
- 2.6 The winning bidder was Forcia Limited. Its winning score for Price and Quality, (Final) score was 93.40. Forcia Limited demonstrated case studies of similar basement excavation works, including a number of projects which were similar in type and construction to the Carnegie Project. On review of the bid submitted it was also clear that Forcia had clearly thought out the proposed programme of works, its bid appears to be a realistic and detailed programme of works. Forcia also visited the site and made detailed observations.
- 2.7 The evaluation exercise considered a number of factors including project, contract, programing, and partnership management, detailed further in 2.8. The evaluation team scored each bid individually based on the scoring methodology set out in 2.11 below. The evaluation team then convened as a group, to apply a final score by way of consensus. Full details of the scoring is available in part 2 of this report.

2.8 The evaluation was based on the following;

**Table 1**

Item	Weight 0-5	Max Score	Max Score Available	Minimum Acceptable Score
Project team experience	5	5	25	3
Management & Methodology	3	5	15	3
Timetable / Work Programme	3	5	15	3
Partnership Working	2	5	10	3
Contract Management	2	5	10	3
Health and Safety	3	5	15	
Social Value	2	5	10	3
<b>Total</b>			100	

2.9 The questions which are indicated with appropriate weightings were evaluated by the panel and the appropriate score was agreed and added to form the total Quality Evaluation Mark. The score achieved for this section, Quality Evaluation Mark, was weighted at 30% to give the final score for quality (Quality Score)

2.10 Potential Providers were required to achieve the minimum acceptable score, as described, for each of the questions in Table 1 above. Only those responses which achieved the minimum acceptable Quality Score were included in the Price Evaluation Process.

**Marking Scheme**

2.11 Potential providers were marked in accordance with the following marking scheme  
The scoring matrix:

0	Failed to address the question/issue.
1	An unfavourable response/answer/solution. There is limited or poor evidence of skill/experience sought; a high risk that relevant skills will not be available.
2	Less than acceptable. The response/answer/solution/information lacks convincing evidence of skill/experience sought; lack of real understanding of requirement or evidence of ability to deliver; medium risk that relevant skills or requirement will not be available.
3	Acceptable response/answer/solution/information to the particular aspect of the requirement; evidence has been given of skill/experience sought.
4	Above acceptable – response/answer/solution/information demonstrates real understanding of the requirement and evidence of ability to meet it (based on good experience of the specific provision required or relevant experience of comparable service or supply).
5	Excellent – response/answer/solution provides real confidence based on experience of the service or supply provision required. Response indicates that the supplier will add real value to the organisation with excellent skills and a deep understanding of the service or supply requested.

2.12 The weighting of each criterion is based on a scale of 1 – 5; 1 being low importance and 5 being highest in importance:

1	Low Importance
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2	Not Very Important
3	Important
4	Very Important
5	Extremely Important

## Price Evaluation

### Price:

For price, each submission will be assessed on the total cost of delivering the programme, using the following equation:

$$\text{Price score} = \left( 100\% - \frac{(\text{Tendered price} - \text{lowest price})}{\text{Lowest price}} \right) \times \text{Price Weighting}$$

For example;

A= Tendered price					
B= lowest price =	110000				
Price Score =					
(100% - (A-B)/B)*70					
Bidder	Tendered Price	Difference from lowest bid	Percentage difference from lowest bid	Percentage of marks awarded	Price score
1	110000.00		0	100.00%	70.00
2	135000.00	25000.00	25	75.00%	54.09
3	150000.00	50000.00	50	50.00%	44.55

The Price Score (70% weighting applied), is added to the overall Quality Score (30% weighting applied), to give a final score for each Potential Provider (Final Score)

The contract will be awarded to the supplier with the highest Final Score. Feedback will be supplied to unsuccessful bidders.

### 3. Finance

- 3.1 The total award for phase 1 of the works relating to the digging out of the basement and underpinning works at Carnegie Library is £1,255,130.07
- 3.2 The total proposed funding available for the redevelopment of both Carnegie and Minet Libraries is £3m, made up of an allocation of £2m from the Capital Receipts and £1m from the joint proceeds of the profit share agreement between Lambeth and GLL via the Council's Leisure contract. This latter sum is contingent on the agreement of GLL to use this money for this purpose.
- 3.3 The utilisation of the £1m from the profit share agreement is still awaiting formal agreement from GLL, but the remaining £2m of agreed Capital Receipts is sufficient to cover the contract award being proposed in this report, including any contingency requirement. It is however important to note that further work on Carnegie and Minet is contingent on this funding being agreed.

#### **4. Legal and Democracy**

- 4.1 The authority to approve the recommendation set out in this report is delegated to the Cabinet Member for Investment and Growth, who will consult the Leader of the Council, relevant lawyer (see Section G of Making and Reporting Decisions).
- 4.2 The proposed contract value is below the threshold above which works contracts must be published in the Official Journal. The Council's Contracts Standing Orders require that contracts worth more than £100,000 should be competitively tendered, and this report outlines the procedure used to comply with this requirement. It is advisable to observe a standstill period, and best practice to provide feedback to the unsuccessful bidders.
- 4.3 Officers should take care to secure clear and adequate contracting arrangements with GLL and its consultants, including the requirement of collateral warranties if appropriate.
- 4.4 This proposed key decision was entered in the Forward Plan on 10 February 2017 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

#### **5. Consultation and co-production**

- 5.1 In October 2015 the Culture 2020 Cabinet Report set out plans for;
  - a. A sustainable library service built around five town centre libraries and five neighbourhood libraries
  - b. The creation of new healthy living centres
- 5.2 This was set against a background where the Council has had to cut £90m of its budget by 2018 and as a consequence the revenue budget for cultural services, which funds services like libraries, parks & open spaces, sports and the arts, will have to be reduced from £ 10.4m in 2014 to £ 6.5m by 2018.
- 5.3 Therefore the Council has had to develop plans that are responsive to circumstances and create a set of ambitious proposals that can deliver some services differently.
- 5.4 Between January 30<sup>th</sup> and April 24<sup>th</sup> 2015 the Council undertook a period of consultation on the future of the cultural services it funds, which included libraries, parks & open spaces, sports and the arts.
- 5.5 To mitigate against the impact of these budget reductions it was identified to work more closely with Greenwich Leisure Limited, the Borough's Leisure provider, to develop new models of delivery, which could reduce the risk of buildings being closed permanently.
- 5.6 As a direct result of the budget constraints Carnegie Library closed in March 2016, Lambeth and GLL have since been working on the proposal to bring the building back into commission by installing a Gym in the basement. The Gym would provide a much needed revenue income to allow the building to again function as a library and community hub. It is proposed that the Gym will be managed by GLL and the Library and community spaces of the building will be managed by a community group, in line with the councils Community asset transfer policy.

- 5.7 The proposals were subject to a Community Consultation on 21 & 22 June 2016 and a Pre-Planning exhibition on 12 & 13 October 2016.
- 5.8 The Planning Application for the proposed works was submitted on Thursday 3rd November 2016 and granted consent on 7 February 2017. During this time the application was open for community consultation.

## **6. Risk management**

- 6.1 The required due diligence has been carried out.

## **7. Equalities impact assessment**

- 7.1 Please refer to section 5. There has been a holistic EIA in relation to the impacts the budget cuts have had to the Library service as a whole. However a specific EIA has not taken place for Carnegie Library. The authority understands that Carnegie Library was a much loved and integral part of the boroughs Library service and has previously provided an important centre for many residents and Lambeth stakeholders in their daily lives. However due to increased budget pressures emanating from central government austerity measures continuity of the Library service could no longer continue in its previous format, and closed in March 2016.
- 7.2 The purpose of this construction project is to breathe life back into the building. The authority has had to take an entrepreneurial approach to find solution to offer a Library service at Carnegie. The council's business case, seeks to open up a gym in the basement of the Library. This construction project, serves to support once again bringing about a functional library in the building.
- 7.3 This will be achieved by generating a rental income following the excavation of the basement of the building which can then function as a Gym. A rental income and possible profit sharing arrangement will be integral if the Library is to have a future,
- 7.4 The income generated will also be critical for any successful organisations who may have submitted an interest in managing the Library, in alignment with the council's community asset transfer policy. The building can then again function as a community hub, with the advantages of having a Library, Gym and community space. The aspiration of the council is that the Library will be run by the community for the community, once again mitigating the temporary equalities impact the closure would have had on those that regularly frequented the building in the past.
- 7.5 A specific EIA can be produced during or after the construction phase, the benefits of providing a Library, community hub and health centre compared to not providing a service are clear. Therefore the requirement is to measure the impact and is covered in the risk matrix in part 2 of this report.

## **8. Community safety**

- 8.1 There are no specific issues relating to the crime and disorder act in relation to this project, save to say that the building is currently unoccupied, This means that there is a requirement to have a dedicated security patrol for the site. The Library has historically been occupied in direct protest to the council being in the unfortunate position of not being able to offer a continued library service at Carnegie in its current form.
- 8.2 The building will continue to be monitored by the council's incumbent security contractors until the building contractor being proposed via this report takes control of the site.

8.3 The proposed contractor has allowed for an adequate sum which will secure the building with a hording around the site which will include and alarmed security system.

**9. Organisational implications**

**9.1 Environmental**

The building has been assessed for Building Control measures and Planning Conditions associated with the Planning and Listed Building consent.

**9.2 Staffing and accommodation**

Carnegie Library has been closed since March 2016.

However when the building reopens as a Neighbourhood Library, the library will be staffed by peripatetic staff who will work 2 hours per day on site. The rest of the time the building will be staffed by Community Asset Transfer staff or GLL staff.

**9.3 Procurement**

A one stage Procurement tendering exercise was carried out using the Open procedure. The procurement was conducted on a 30% quality/70% price ratio.

The contractor will pay the London living wage, they will also offer employment opportunities during the construction phase to local people as and when available, due to the short length of the scheme there will be minimal amount of apprenticeships available.

**9.4 Health**

The proposal creates a gym and Healthy Living Centre in the basement, a Library and community space.

**10. Timetable for implementation**

Presented to Procurement Board	11/04/17
Report published	03/07/17
Successful and unsuccessful tenderers notified	03/07/17
Cabinet Member to sign (Decision Date)	11/07/17
Signing of contract	19/07/17
Contract start date	August

**Contract Management**

10.1 Assiduous contract management will be absolutely imperative from the points of award of contract if the construction phase is to deliver on time and within budget.

10.2 Contract Management will be under the overall responsibility of the Neighbourhoods and Growth team assisted by Jeremy Lake, Lead Consultant for GLL acting as Agent for Lambeth who will be overseen by Lambeth’s Investment and Growth, Capital Programme Manager.

10.3 iCon Building Consultancy will act for GLL in delivering the detailed Design Information and project managers for regular site reviews.

10.4 The following project milestones that the Council/Agent will measure the quality of delivery against:

Milestone	Description	Timeframe
1	Secure Planning Consent	February 2017
3	Detailed Structural Design	March 2017

3	Conditions approved subject to 106 and planning decision completion	April 2017
4	Basement Excavation Works	December 2017
5	Conversion & Fit Out Works (Phase 2) currently outside of contract scope	TBC 2017

<b>Audit Trail</b>				
<b>Consultation</b>				
<b>Name/Position</b>	<b>Lambeth directorate/department or partner</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in para:</b>
Cllr Sonia Winifred	Cabinet Member for Equalities and Culture	21.06.17	22.06.17	
Councillor Paul McGlone	Deputy Leader of the Council (Investment and Partnerships):	13/04/17	19/04/2017	
Cllr Lib Peck	Leader of the council	18/04/2017	19/04/2017	
Sue Foster	Strategic Director for Neighbourhoods and Growth	19.06.17	27.06.17	Throughout
Sandra Roebuck	Neighbourhoods and Growth	31/03/17	05.04.17	Throughout
Andrew Ramsden, Assistant Director Finance	Corporate Resources	11/04/17	14/04/2017	
David Thomas Legal Services	Corporate Resources	31/03/17	04/04/2017	4
Henry Langford Democratic Services	Corporate Resources	31/03/17	20/04/2017	
Helen Lee, Procurement	Corporate resources	30/03/17	31/03/17	Throughout
Rachel Willsher	Corporate resources		19.04.17	Throughout
Procurement Board	<b>11 April 2017</b>			
<b>External</b>	<b>Date of meeting</b>			

<b>Report History</b>	
<b>Original discussion with Cabinet Member</b>	10/02/16
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	Yes
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	10/02/2017
<b>Key decision reasons</b>	2. Expenditure, income or savings in excess of £500,000
<b>Background information</b>	<a href="#">Culture 2020 Cabinet Report, 12 October 2015</a> <a href="#">Carnegie Library, Herne Hill Road Planning Application Committee Report, 07 February 2017</a>

<b>Appendices</b>	None

**APPROVAL BY CABINET MEMBER IN ACCORDANCE WITH SCHEME OF DELEGATION**

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Michael Munnely, Capital Programme Delivery CIL/S106 Monitoring officer

**I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:**

**Signature:** \_\_\_\_\_ **Date:** 11 July 2017

**Post:** Councillor Sonia Winifred, Cabinet Member for Equalities and Culture

**Any declarations of interest (or exemptions granted):**

**Any conflicts of interest:**

**Any dispensations:**