**SECTION ONE – CONTRACT STRATEGY**

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| **1.1 CONTRACT OVERVIEW** | |
| **Contract Title** | Aberfeldy Environmental Improvements |
| **Author** | Michael Morgan |
| **1.2 EXECUTIVE SUMMARY** | |
| Perth and Kinross Council has been collaborating with Aberfeldy Small Business Association (ASBA) and Aberfeldy Community Council (ACC) as the partnership seeks to develop the square in the town centre and provide a space for the local community. A flexible, level space will benefit local businesses (outdoor alfresco use) and provide ASBA with the enabling infrastructure they seek to maintain the current portfolio of events, as well as attract additional attractions to the town.  Over the last four years, there has been substantial consultation with ASBA, ACC, the community and volunteer groups, as the partnership has sought feedback from key stakeholders on how they wanted the development to progress. The final result was a mandate to realign the square, which will result in a reduction of parking on the north side, allowing the creation of a permanent space for events. This will be supplemented by power points and a lighting scheme, in order to make the space fully functional during the day and at night.  The project will help local businesses and residents, by increasing the economic capacity of Aberfeldy, as it continues to grow as a tourist destination in Highland Perthshire. Additional events to the town will help raise its profile and help address some of the issues experienced with seasonal employment i.e. short term contracts.  Improvements to the Square will benefit the Farmers market by providing a level surface thereby removing the difficulties currently experienced with setting up stalls on uneven surfaces. Additionally, the scope of the works has been increased to improve the walkway adjacent to the Aberfeldy Hotel in the Square and improve the link with the Lower Birks, helping to link a key tourism asset with the town and help generate increased dwell time with visitors/tourists to the town.  Altogether the project will deliver:  • Improved public realm  • Power points  • Lighting scheme to promote the square and lower Birks, supporting night time events and promoting a key local tourism asset  • Improve the links between the square and the Lower Birks, improving the tourism offering of Aberfeldy. | |
| **1.3 SERVICE STRATEGY/FORWARD PLAN** | |
| The Planning & Development Division is organised into 7 sections. . Working together, these sections deliver an integrated approach to sustainable economic and physical development.  The divisional remit includes:-  • Strategic and Local Development Plans  • Planning application determination and enforcement  • Sustainable Development and Climate Change  • Transport planning  • Listed Buildings and Conservation Areas  • Economic and physical regeneration  • Business development and key sector projects  • City Centre Management  • Community Economic Development and external funding advice  • Employment initiatives  • Corporate estates service  • Commercial/industrial property management and development  • Building warrants, completion certificates and enforcement   * New roads infrastructure   The seven sections within Planning & Development are:  • Building Standards  • Development Management  • Enterprise  • City Development  • Planning Strategy & Policy   * Roads Infrastructure * Investment | |
| **1.4 CONTRACT OBJECTIVE** | |
| Under the contract, the Client requires a Principal Contractor to be appointed to undertake:   1. Statutory duties as part of CDM Regs 2015 during the works programme as Principal Contractor 2. Liaison role with key stakeholders during the construction works programme 3. Waste management of the site during the works programme 4. The construction of the Aberfeldy Square works – reduction of parking to facilitate a level, flexible space, which will also incorporate a number of power points and lighting infrastructure. Majority of the works will be classed as construction, with civil works limited to the M&E works. | |

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| **1.5 AGREED BUDGET** | |
| Budget Amount: | Overall budget of £1M includes fees, contingency and grant funding of £100k).  Construction Budget is £850k-870K |
| Report – how was the budget approved? | Report to SP&R Committee April 2017  [SP&R Committee Report](https://perth-and-kinross.cmis.uk.com/Perth-and-Kinross/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=AgKn97V6COx6zNQRxGBeOLjutK45nzTf0gzX5X5JqBoZB6Qta2a81g%3d%3d&rUzwRPf%2bZ3zd4E7Ikn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPlIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d) |
| Budget year(s)in which expenditure will be incurred | 2019-2020 |
| Cost Code(s) | 1-31-0000-0007 |
| Budget Holder Signature: |  |
| Print Name: | John McCrone |
| Date: | 27/02/19 |

**SECTION TWO – CURRENT STATUS**

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| **2.1 CURRENT SITUATION/CONTRACT STATUS** |
| Not applicable. This is a one off contract, delivering a public realm enhancement scheme in Aberfeldy, Highland Perthshire. |
| **2.2 LESSONS LEARNED** |
| The construction market is currently very buoyant, which has led to companies actively selecting contracts to tender for. Mill Street, Perth – which was valued at £1.6m – attracted 5 companies, which was unexpected and exposed the Client to a limited pool of contractors. Whilst the value of this contract will attract SME contractors, there is a risk the location and value may result in only 2 to 3 tender submissions.  Consideration will be given to setting a threshold percentage for Quality which tenderers have to achieve. In the recent Alyth Town Centre Improvements tender two of the contractors scored around 35 out of 100 for Quality. One of these contractors submitted a relatively low bid and was ranked 2nd overall. Tenderers will be advised that we will be looking for answers in the Quality assessment which demonstrate a good understanding of the requirements and how these will be met. In the standard scoring rationale 0-4, this would be a score of 3 (75%). They will be advised that a score in the range 60%-75% will therefore expected and the Council reserves the right to exclude tenderers not achieving 60%.  One person with electrical background to be responsible for all the electrical works on site i.e. a clerk of works.  Recent projects at Mill Street, Perth and Alyth have had issues with the electrical contractorchosen by the main contractor. The works carried out by them were not approved by the Council’s appointed Clerk of Works and had to be repeated at least once. Whilst the contractor had street lighting experience they clearly weren’t capable of the below grounds event lighting for these projects. The issues have been documented by the project teams. To ensure this situation can be avoided for this project, Grant Key in Property Services will write a brief specification that the electrical contractor will have to demonstrate through experience and this will be included in the documentation and contract notice. Wording will also be included stating the Council will have to approve the electrical contractor, something along the lines of “*The Contractor shall not engage a sub-contractor to carry out works in connection with the Contract without prior written authorisation from the Council. The Contractor must inform the Council of any intended changes concerning the addition or replacement of any sub-contractor. All sub-contractors must be approved by the Council.*”  . |

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| **2.3 HISTORICAL SPEND INFORMATION** | | | |
| Department | Total Expenditure (p.a.) | Suppliers | Comments |
| H&E  H&E  H&E | £14k 17/18  £24k 16/17  £46k 17/18  £6k | Community Greenspace  Dundee City Council  Tayside Contractors | Design Fees – Design Feasibility and Design Development  Technical Design and Tender Works Information  Undertake site investigation (Bore holes, CCTV for drainage etc.) |

**SECTION THREE – PROPOSED CONTRACT STRATEGY**

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| **3.1 CONSIDERATIONS OF ALTERNATIVE DELIVERY METHODS** |
| **Alternative Delivery Opportunities** |
| In relation to appointing a Principal Contractor, there are no current corporate or national frameworks in place. Consideration was given to SCAPE’s Civil Engineering & Infrastructure Framework but the minimum contract value is £1m. The works contract may require some specialist work – hard landscape paving – otherwise, it is a standard construction works contract. In order to maximise potential for delivery of local Community Benefits a competitive procurement is recommended. |

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| **Further Comments** | |
| Not applicable. | |
| **3.2 COLLABORATION CONSIDERATIONS** | |
| **Is there an existing collaborative contract available?** | No |
| **If YES** - List collaborative body or Partner Organisations involved in the contract. Please describe the advantages or disadvantages arising from the use of the collaborative agreement. | |
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| **If NO** - Is there an opportunity for Collaboration with another organisation? | |
| No, this is located within the PKC boundary at Highland Perthshire and doesn’t lend any opportunity to look at collaboration for joint development. | |
| **Who will be the Lead Authority?** | |
| Not applicable | |
| **Other commodities/work streams dependent or to be considered in conjunction with this contract** | |
| Not applicable | |
| **Further Comments** | |
| Not applicable | |

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| **3.3 ICT Requirements** |
| Alan Farnington (City Development) will engage with ICT on the lighting systems to be used. The proposed lighting scheme will require ICT input to assess compatibility with server access, in order to ensure the software is consistent with other lighting schemes delivered in Perth and Kinross. |

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| **3.4 KEY RISKS** | | | |
| **Description of Risk** | Probability (L/M/H) | Impact (L/M/H) | Actions required to manage Risk |
| Winter Programme/Adverse weather | M | H | Start on site early summer and programme works accordingly in order to avoid failure of construction methods. |
| Programme slippage | M | M | Proactive project management and use of a planned and realistic programme |
| Intervention of HSE during works programme | L | H | Ensure robust H&S and Quality Management Information systems are in place and adhered to by all site operatives |
| Budget impact | M | M | Regular cost checking and provision of detailed technical information |
| Local disapproval with road closures/noise etc. | M | H | Regular briefings to businesses/residents via the Client and Contractor Liaison Officer |
| Financial stability of contractors | M | M | Financial checks during the tender period; the tenderer’s financial standing from their accounts will be assessed as well as a credit check on the preferred bidder prior to contract award |
| Failure to procure suitable contractor | L | H | Ensure process and tender documentation are clear, as accessible as possible and proportionate to the requirements. |
| Impact on summer tourist season | M | H | This is unavoidable as alternative would be to carry out the works during the winter months which also has significant risks. Mitigation will be via proactive project management and regular briefings to businesses/residents via the Client and Contractor Liaison Officer. |

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| **3.5 SUPPLY MARKET STATUS** |
| **Supply Market Requirements** |
| Construction |
| **Market Overview** |
| It is difficult to ascertain recent market trends in the current context, when the deadline for Brexit is rapidly approaching. There are signs that investment in the UK is slowing down, given the current uncertainty on a ‘no deal’ however, the Council is seeking to resource Scottish stone material and utilise local employment, which should help mitigate the risks around the importing of goods during the works contract, which will coincide with the early transition period of Brexit, which remains highly uncertain. |
| **3.6 SUSTAINABILITY CONSIDERATIONS TO INCORPORATE**  [Sustainable Procurement Policy](http://eric/pkcteamsites/ceprocurement/Procurement%20Published%20Documents/Big%20Important%20Documents/Sustainable%20Procurement%20Policy.pdf) |
| **Environmental Factors to consider** |
| Given the location of the works contract, it is anticipated the contract will appeal to local SME contractors, limiting the amount of transport used and journey’s taken, reducing the overall impact on the environment.  The aim is to provide a high quality townscape using materials that are in keeping with the Highland location. The design promotes use of Scottish stone, resulting in low mileage, reduced delivery timescales and other environmental impacts like pollution costs in comparison with granite stone, often imported from China. The use of local stone endorses policies outlined in the PKC draft Placemaking Guide.  The works will be managed in such a way as to minimise disruption, noise and dust as far as possible and to alleviate the impact on the local environment, with any excavated material transported to local service yards/waste disposal centres. |
| **Economic Factors** |
| Taking into account the location of the works contract – Highland Perthshire - it is anticipated the contract will appeal to local SME contractors, safeguarding staff currently employed and providing opportunities for local employment. Attempts will be made to promote the tender through social media e.g. LinkedIn.  The appointed Principal Contractor will commit to undertaking regular liaison with businesses and residents during the works contract, ensuring any disruption is minimised. Based on the recent experience in Kinross High Street, the contractor is to maintain the identified works programme and complete the construction, rather than phase works in order to assist businesses. An ad-hoc approach to cater for individual business needs is counterproductive and has led to further delays on previous projects.  The overall outcome of the project is to drive up the economic performance of the local economy, by providing a flexible platform for events and thereby increase the town’s portfolio of seasonal attractions, which help generate increased footfall for businesses to engage with. |
| **Social Factors** |
| The delivery of a town square provides a focal point for the community and delivers a high quality community space, along with a sense of ‘place’. By installing a level surface and providing power points, Aberfeldy Small Business Association (ASBA) can attract additional events to the town, which will help address seasonal factors which impact on local employment. The aim is to drive up the profile of the town over the whole year, by attracting a sustained footfall, which will help deliver local, sustainable jobs. |
| **Community Benefits** |
| The new town square, will deliver a high quality community space, which will be available both night and day, providing a stage for local culture, musicians and artists to use. The flexible space will attract additional events to the town, resulting in higher footfall and job safeguarding/creation. The addition of lighting will also help mitigate issues with anti-social behaviour with the Fountain Pub.  Tenderers will be asked to commit to providing further community benefits as part of the contract delivery. |
| **Fair Working Practices** |
| As part of the tendering process the tendering contractors will be required to clearly identify their policy in respect of Fair Working Practices and how these practices will be maintained and monitored for the duration of the Contract. We will seek to explore their practices in respect of recruitment, retention and the types of employment contracts in use. This aligns to the Council’s aspiration to run our construction contracts in a manner that is consistent with the principles of the Construction Charter and to work with the contractors exhibiting high standards in respect of workforce practices.  This item including payment of living wage will be dealt with by the tender enquiry quality questions. |

**Commercial Considerations**

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| **3.7 Procurement Route – OPTIONS APPRAISAL** | | | | | | |
|  | **Option 1** | **Option 2** | **Option 3** | | **Option 4** | **Recommendation & Justification** |
| **Procurement Route** | This contract has been exempted | Work with an ALEO to deliver | Use existing collaborative arrangement | | Develop new contract |  |
| Pro’s and Con’s of each option | No | Not available | Not available | | Yes | New procurement |
| **Procedure** | Open | Restricted | Competitive Procedure with Negotiation | | Other |  |
| Pro’s and Con’s of each option | Single stage process to be used | No, low volume of anticipated tenders | No | |  | Single stage |
| **Lots** | Not applicable | 1 Lot | Geographical | | Product/ Service |  |
| Pro’s and Con’s of each option | n/a |  |  | |  |  |
| **Suppliers Per Lot** | Not applicable | 1 Supplier | 3-5 Suppliers | | 5+ Suppliers |  |
| Pro’s and Con’s of each option | n/a |  |  | |  |  |
| Could an [eAuction](https://www.procurementjourney.scot/route-3/route-3-develop-strategy-procurement-route) be used to drive costs down? | | | | No | | |

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| **3.8 PROCUREMENT PROCESS TO BE ADOPTED** | |
| Procurement Route selected  (see above) | Single stage |
| Lots (if applicable) | N/A |
| Call off procedure | N/A |
| Financial Criteria | **Insurance**  Public Liability £10M plus cover for Property at £10M  Employers Liability £10M  The above levels have been confirmed with Lorraine Hay (19/02/2019). Contract Data document will show:  *The minimum limit of indemnity for insurance in respect of loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with this contract for any one event is £10 million.*  *The minimum limit of indemnity for insurance in respect of death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with this contract for any one event is £10 million*  **Financial Standing**  Bidders will be required to state the values for the following financial ratios for each of the last **2** years:   * **Current Ratio** (Current Assets divided by Current Liabilities) * **Net Assets (Net Worth)** (value per the Balance Sheet, no calculations required)   The acceptable range for each financial ratio is:   * **Current Ratio** It is expected that the ratio is equal to or greater than 1, i.e. Current Assets will equal or exceed Current Liabilities in each of the **2** years. Reasons for not meeting the required test to be disclosed by tenderers together with appropriate supporting evidence to confirm the suitability of the tenderer for the contract. * **Net Assets (Net Worth)** It is expected that the Net Worth will be positive i.e. a Net Assets position in each of the **2** years. Reasons for not meeting the required test to be disclosed together with appropriate supporting evidence to confirm the suitability of the tenderer for the contract.   Additionally, it is intended to do a credit check on the preferred bidder prior to contract award. This will be advised to bidders in the tender documentation and contract notice. Wording to be approved by Procurement Team/Finance. |
| Other Selection Criteria | **Experience**  The successful contractor will provide evidence of competency through compilation and presentation of an ESPD document. This will seek to establish the supplier’s project management experience in managing the phases of public realm enhancement works in a relatively confined space, in a bustling Highland Perthshire town, amongst other matters.  Electrical Contractor must be SELECT/NICEIC or ECA registered with relevant skills, knowledge and experience relating to industrial or commercial electrical installations.  The contractor must also demonstrate experience of working in non-domestic installations, this must include specific experience of TN-S and TT earthing systems associated with EV charging units and External power supplies for events. |
| Award Criteria (Price/Quality Ratio) | 60 price; 40 quality  Tenderers will be expected to score 60 out of 100 for Quality i.e. 24/40. |
| Award Criteria (Headings) | Staffing and Sub Contractors Resources  Programme & Risk Management  Outline Method Statements  Concept Traffic Management Proposals and  Phasing  Minimise Disruption to Businesses and  Residents  Site Waste Management  Quality Management  Community Benefits  Fair Work Practices |
| Form of Contract | NEC 3 Engineering and Construction Contract published by the Institution of Civil Engineers in June 2005 (with amendments June 2006 and April 2013) using Option B: Priced Contract with Bill of Quantities |

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| **3.9 IR35** | |
| Impact Yes/No | No |
| How will this be addressed |  |

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| **3.10 CONTRACT SPEND INFORMATION (ESTIMATED)** | |
| Annual Contract Value | N/A |
| Total Contract Value | £850,000-£870,000 |
| Length of Proposed Contract Period (+ Optional Extension) | Indicative 5 months on site |
| Price Review | Not applicable |

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| **3.11 EXIT STRATEGY** | |
| **Requirement** | **How this will be achieved** |
| Not applicable |  |
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**SECTION FOUR – PROPOSED CONTRACT BENEFITS**

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| **4.0 FORECAST SAVINGS** | | | |
| **Value** | **Percentage** | **Description** | **Financial Year** |
| N/a | N/a | N/a | N/a |
| **Additional Comments** | | | |
| This is a Capital project within the overall ‘Place Making’ programme. The aims of the project are set out above. Best value will be sought by virtue of competitive bidding for contracting works. | | | |

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| **4.1 PLANNED CONTRACT BENEFITS: NON-FINANCIAL** | |
| **Description** | **Comment** |
| Improved local environment for businesses and residents in the immediate vicinity of the site. |  |
| Contribution to PKC Single Outcome Agreement and achieving a local, sustainable economy. |  |
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| **4.2 PLANNED CONTRACT PERFORMANCE MEASURE(S)** | | |
| **KPI ID** | **KPI Label** | **KPI Default Instructions** |
| KPI/0901-006 | Invoice Accuracy | To what extent does the supplier ensure that invoices provide detailed, accurate cost information, and that, where queries occur, they are resolved within agreed timescales? |
| KPI/0901-007 | Cost Reduction Initiatives | To what extent does the supplier work with the authority in suggesting and responding to cost reduction initiatives? |
| KPI/1508-004 | Contract Outcomes | To what extent is the supplier performing in delivering the specific outcomes set within the contract? |
| KPI/0901-009 | Responsiveness | To what extent does the supplier provide consistently good responses to enquiries and requests, and play an active role in ensuring effective communication channels? |
| KPI/1601-001 | Community Benefits | Does the Supplier deliver the Community Benefits that were offered as part of the contract? |

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| **Confirmed Savings Targets** |
| Not applicable |

**SECTION FIVE – GOVERNANCE**

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| **5.1 RESOURCES (CROSS-FUNCTIONAL TEAM)** | | |
| **Project Role** | **Name** | **Department** |
| **Project Lead** | Michael Morgan | H&E |
| **Project Sponsor** | John McCrone | H&E |
| **Procurement Lead** | Ludmila Johnston | H&E |
| **Insurance Advisor** | Debbie McRobbie | CDS |
| **Health & Safety** | HES H&S advisor | H&S Team |
|  | Stewart Cheyne | DCC |
| **Finance** | Donald Coyne | CDS |
| **Technical Specialists** | Ryan Graham | TES |
|  | James Mullen | DCC |
|  | Sandy Baird | DCC |
|  | Sally Rickett | H&E |
|  | Ludmila Johnston | H&E |
|  | Douglas Cook | H&E |
|  | Mark Gorrie | H&E |
|  | David Soutar | H&E |
|  | Elaine Brett | CDS |
| **Contract Manager** | Ludmila Johnston | H&E |
| **5.2 KEY ACTIVITIES** | | |
| **Key Milestone** | **Start Date** | **Completion Date** |
| **Tender Published** | 04/03/2019 |  |
| **Tender Return Date** | 05/04/2019 |  |
| **Tender Evaluation** | 08/04/2019 | 26/04/2019 |
| **Tender Report Submitted to Board/SMT** | 29/04/2019 | 03/05/2019 |
| **Approval Obtained** | 03/05/2019 |  |
| **Notification of Outcome** | 06/05/2019 |  |
| **Obtain supporting documents** | 07/05/2019 | 10/05/2019 |
| **Standstill Period** | 07/05/2019 | 16/05/2019 |
| **Contract Award** | 17/05/2019 |  |
| **Contract Implementation Tasks** Pre-meetings scheduled,  Contract set up on eCM including KPIs  Set supplier up on Integra, PECOS or other back office systems | 20/05/2019 | 07/06/2019 |
| **Contract Start Date** | 10/06/2019 | 29/11/2019 |
| **Review Tasks**  Complete Lessons Learned document | 28/06/2019 |  |

**SECTION SIX – STRATEGY APPROVAL**

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| Signed off by **Procurement** |  |
| Printed | Mary Mitchell |
| Title | Corporate Procurement Manager |
| Date | 25/02/19 |

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| Signed by **Head of Service** |  |
| Printed |  |
| Title |  |
| Date |  |

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| **CONTRACT REFERENCE** | |
| Contract Reference: | PKC10444 |