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Agenda Item 11

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
TENANT MANAGEMENT ORGANISATION LIMITED

TMO BOARD —27TH MARCH 2014

GRENFELL TOWER REFURBISHMENT (DECISION)

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RECOMMENDATION TO NOTE THE OUTCOME OF THE GRENFELL TOWER
PROCUREMENT AND TO AGREE THE APPOINTMENT OF THE PREFERRED
CONTRACTOR

1 PURPOSE

1. This report reports on the outcome of the procurement of the Grenfell Tower Regeneration project. It is recommended that the Board:
 - 1.1. Notes the outcome of the procurement of the Grenfell Regeneration Project
 - 1.2. Agrees to appoint Rydon Construction Ltd as the preferred contractor for the project.
 - 1.3. Agrees to enter into a pre-contract agreement with Rydon Construction Ltd and to incur costs up to a value of £350,000
 - 1.4. Agrees to enter into contract with Rydon Construction Ltd for the refurbishment of Grenfell Tower with a total scheme cost of £9,700,000 (inclusive of fees).

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2. Background

- 2.1 On 8th January 2013, Board agreed to proceed with the procurement of the Grenfell Tower project with an agreed budget of £9.700m. This budget has been agreed by RBKC Cabinet.
- 2.2 The proposed scope of works includes:
 - Window renewal
 - Thermal external cladding of the building
 - New entrance lobby
 - Communal redecoration
 - New communal heating system (with individual control)

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- Hidden Homes – seven new flats
- Relocate the boxing club
- Relocate the nursery to the ground floor
- Relocate and improve office space within the block
- Improvements to the public realm

2.3 Planning approval was received for the scheme on 10th January 2014.

2.4 The Project Team for the project is:

Project Manager / Cost Consultant: Artelia

Architect: Studio E

Mechanical & Electrical Engineers: Max Fordham

Structural Engineers: Curtins

The project Team was procured through the iESI Framework (a not for profit framework governed by a number of local authorities in the South East area). KCTMO also explored procuring the main works contract through the same framework with Leadbitter, however, we were unable to negotiate an acceptable price within a reasonable timeframe. In July 2013, KCTMO Board agreed to tender the works programme through an OJEU Tender.

2.5 Main Contractor Tender Process

A contract notice was placed in the Official Journal of the European Union (OJEU) in DATE. All respondents were required to complete a Pre Qualification Questionnaire (PQQ). The 16 completed PQQs were evaluated and the following 5 contractors were shortlisted:

- Durkan Ltd
- Keepmoat Regeneration Ltd
- Mulalley & Co Ltd
- Rydon Maintenance Ltd
- Wates Construction Ltd

2.6 Of the original five tenderers invited, Wates Construction Ltd notified that they could not return a tender on 18th December 2013; stating resource constraints having recently won a similar project.

2.7 Keepmoat Regeneration Limited notified that they could not return a tender on 15th January 2014 stating they had a full order book and were reluctant to take on a "high risk" project of this nature.

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2.8 Invitation to Tender (ITT)

2.9 The following table details the evaluation criteria for the tenders

Criteria	% Weighting
Price (40% of total score)	
Tender Price	34%
Price for Alternative Works	6%
Technical Quality: (55% of the total score)	
Organisation	10%
Logistics	20%
Programme	10%
Supply Chain	5%
Planning	15%
Quality	10%
Resident Liaison	15%
Grant Funding	10%
Environment	5%
Interview (5% of total score)	
Interview	5%

2.10 Price Evaluation

2.11 The Tender Sum returned was as follows:

Contractor:	Tender Amount:	Amount above lowest	% Variance
Rydon	£9,249,294	-	
Durkan	£9,940,928	£691,634	+7.5%
Mulalley	£10,426,414	£1,177,120	+12.7%

2.12 Tender Price Score

2.13 The Tender Price will be evaluated totalling 34% as follows: Lowest Tendered Price divided by Tender Price (as a %) multiplied by 34%.

2.14 Under the "Alternative Price" category, tenderer were asked to price a number of alternative design solutions, some of which would offer cost savings (such as an alternative cladding option) and some would incur additional costs (such as the provision of mechanical ventilation). The "alternative price" element of the evaluation is scored on the basis that the lowest price for these works scores the highest (6.0 out of 6.0).

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- 2.15** The price for alternative works is calculated by the same method, but with 6% as the maximum marks available. The table below shows the tender price scores that are carried through to the summary table in para 2.2.

	Rydon	Mulalley	Durkan
Tendered Sum	£9,249,294	£10,426,414	£9,940,928
Score out of 34	34.00	30.01	31.63
Alternative Price	£20,217.00	£307,066.00	£146,270.65
Score out of 6	6.00	0.40	0.83

2.16 Quality Evaluation

- 2.17 Tenderers' quality evaluations were evaluated by KCTMO officers with Atelia.

- 2.18 The following table gives a summary of the quality evaluation of the three tenderers:

		Rydon		Mulalley		Durkan	
Question		Score (/10)	Weighted Score (%)	Score (/10)	Weighted Score (%)	Score (/10)	Weighted Score (%)
1.1	Project Team Organisation	4.67	1.28	4.67	1.28	6	1.65
1.2	Project Team CVs	7.33	2.02	4.67	1.28	6	1.65
2.1	Outline Methodology	7.33	4.03	6	3.3	4.67	2.57
2.2	Layout Plans	8	4.4	6	3.3	6.67	3.67
3.1	Programme	6.67	3.67	0	0	4.67	2.57
4.1	Selection of Supply Chain	4	0.44	4	0.44	6	0.66
4.2	Motivation of Supply Chain	4	0.66	2	0.33	4	0.66

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5.1	Planning Authority Liaison	6	4.95	7.33	6.05	6	4.95
6.1	Managing Quality	7.33	4.03	4.67	2.57	6.67	3.67
7.1	Resident Liaison	7	5.78	7	5.78	6	4.95
8.1	Securing of Grant Funding	6	3.3	6	3.3	5	2.75
9.1	Minimising Waste	6	0.99	6	0.99	5	0.83
9.2	BREEAM Strategy	7	0.77	5	0.55	6	0.66
Total score out of 55 carried to the summary table in section 9.0			36.32		29.17		31.22

2.19 Interview

2.20 The Interview was evaluated by a panel that included Peter Maddison (Director of Assets and Regeneration), Jenny Jackson (KCTMO consultant Procurement Manager), Claire Williams (Project Manager), Phillip Booth (Artelia), Fay Edwards (Chair KCTMO Board) and Cllr Judith Blakeman (Ward Councillor). No residents of Grenfell Tower were available to attend.

2.21 The following table gives a summary of the results of the interview.

		Rydon's Score		Mulalley's Score		Durkan's Score	
Question		Score out of 10	Weighted score	Score out of 10	Weighted score	Score out of 10	Weighted score
a)	In light of the scenario please outline the specific steps that the Contract Manager and Site Manager will take to co-ordinate the works	8	1.6	6	1.2	6	1.2
b)	What practical measures would you propose to deal with the issues in the	8	1.6	8	1.6	6	1.2

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	scenario?						
c)	Key risks to successful delivery	4	0.4	6	0.6	4	0.4
Total interview score (out of 5) carried to the summary table in Section 9.0		3.60		3.40		2.80	

2.22 Overall Evaluation Summary

2.23 The following table gives a summary of the overall price / quality evaluation of this tender:

	Rydon	Mulalley	Durkan
Tendered Sum	£9,249,294.00	£10,426,414.00	£9,940,928.00
Adjusted Tendered Sum	£9,249,294.00	£10,480,602.00	£9,940,928.00
Alternative Price	£20,217.00	£307,066.00	£146,270.65
Tender Price (34%)	34.00	30.01	31.63
Alternative Price (6%)	6.00	0.40	0.83
Tender Quality (55%)	36.32	29.17	31.22
Interview (5%)	3.60	3.40	2.80
Weighted Score	79.92	62.97	66.49
Rank	1	3	2

2.24 Based on this evaluation, it is recommended that the Board agrees to select Rydon Construction Ltd as the preferred contractor for the refurbishment of Grenfell Tower.

3. Financial Implications and Pre-contract activities

3.1 The approved budget for this scheme is £9,700k.

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- 3.2 Some further work is required to firm up the scope of works and design and arrive at a fixed cost for the contract. Specific activities include:
- Clarify Site Boundaries: Clarifying the site boundaries in relation to the adjacent Kensington Academy and Leisure Centre (KALC) will enable some costs included in the tender as provisional sums to be omitted once this is clarified.
 - Detailed Design: Planning conditions relating to cladding materials, windows and other elements need to be signed off before commencement of works. Some of these elements will deliver savings to the project and bring it within budget.
 - Energy Funding: Energy company "ECO" funding should be available to support this project. We need to work with energy companies to secure a firm funding offer that will support the project.
- 3.3 It is recommended that the Board agrees that we enter into a pre-contract agreement with Rydon up to a value of £350k to progress these activities in the coming weeks.
- 3.4 When the financial implications of these activities are clear, it is recommended that the Board agrees to enter into contract with Rydon Construction Ltd for the refurbishment of Grenfell Tower with a total cost of the project of £9,700k (inclusive of fees).
- 3.5 If the final price of the contract is above £9,700k, further approval would be required from RBKC Cabinet. If required, this would be sought in June 2014.

