

## **Agenda Item x**

### **THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA** **TENANT MANAGEMENT ORGANISATION LIMITED**

**TMO BOARD —27<sup>TH</sup> MARCH 2014**

#### **ENHANCEMENT AND DEVELOPMENTS TO GRENFELL TOWER**

#### **RECOMMENDATION TO AWARD A CONTRACT TO THE PREFERRED BIDDER** **SUBJECT TO THE SATISFACTORY CONCLUSION OF:** **(A) THE MANDATORY “STANDSTILL PERIOD” AND** **(B) AGREEMENT OF LOGISTICAL ISSUES RELATION TO THE SITE BOUNDARY**

#### **1 PURPOSE**

- 1.1 This report recommends that, subject to the satisfactory conclusion of the mandatory “standstill period” and the agreement of issues relating to the boundary, the contract is awarded to the preferred bidder being Rydon Maintenance Limited in the sum of £8,706,225.

**FOR DECISION**

#### **2 BACKGROUND**

- 2.1 A project has been developed to enhance and improve Grenfell Tower as part of the general improvement of the area. Associated works include the construction of the Kensington Academy and Leisure Centre Project (KALC) on the land adjoining the tower
- 2.2 The works comprise the re-cladding and installation of new windows of Grenfell Tower including mechanical and electrical installations and remodelling of its lower floors to provide improved accommodation for a nursery, boxing club, offices, new entrance and 7 new residential flats and some soft and hard landscaping works surrounding the Tower.
- 2.3 In a cabinet meeting in May 2012 the Council agreed to make available funds of £6m for the project.
- 2.4 It was originally agreed to develop the project with Leadbetters (now Bouygues UK Limited) the contractor appointed to construct the KALC Project. As at July 2013 the costs proposed by Bouygues were £11,278,000 and the Board agreed that negotiations with Bouygues should cease and tenders should be invited for the project in accordance with EU Procurement legislation.
- 2.5 Planning permission has been granted for the project
- 2.6 It has been agreed in previous Board approvals that leaseholders will not be asked to make a financial contribution to these works

### **3 PROCUREMENT STRATEGY**

- 3.1 Following the placement of a Contract Notice in the Official Journal of the European Union, a number of contractors expressed interest in this opportunity and completed a Pre-Qualification Questionnaire.
- 3.2 The completed Pre-Qualification Questionnaires were evaluated in accordance with the agreed criteria and a short list of 5 contractors was prepared. A leaseholder and a resident were involved in the evaluation process.
- 3.3 The responses to the Pre-Qualification Questionnaire were assessed and five contractors were invited to tender, namely:

Durkan Limited  
Keepmoat Regeneration Limited  
Mulalley & Co Limited  
Rydon Maintenance Limited  
Wates Construction Limited

### **4 THE TENDER PROCESS**

- 4.1 The invitation to tender was sent out in 29<sup>th</sup> November 2013.
- 4.2 A Contractors Information Event was held on the 5<sup>th</sup> December 2013 and this was attended by all five contractors.
- 4.3 On the 18<sup>th</sup> December 2013 and the 15<sup>th</sup> January 2014 respectively Wates Construction Limited and Keepmoat withdrew from the tender process
- 4.4 Tenders were received from the remaining 3 tenderers on the 14<sup>th</sup> February 2014.

### **5. EVALUATION**

- 5.1 The Invitation to Tender stated that the tenders would be evaluated on the basis of 60% quality and 40% commercial. The quality element of the evaluation was based on the responses to a number of questions contained in the Invitation to Tender and an interview.
- 5.2 The interview was attended by a resident member of the Board and a local councillor representing the views of residents and stakeholders.
- 5.3 The Prices as submitted by the Tenderers were as follows:

	Price submitted
Durkan	£9,940,928.00
Mulalley	£10,426,414
Rydon	£9,249,294

- 5.4 The Tenderers also submitted a schedule of alternative costs (for a number of alternative solutions) some of the components parts of this are savings and some are additions. The total for the schedule is as follows:

	Price submitted
Durkan	£146,270.65
Mulalley	£307,066.00
Rydon	£20,217.00

- 5.5 Each member of the Evaluation Team was provided with the quality responses provided by the all tenderers. Each response was evaluated by at least two of the evaluators.
- 5.6 The tender interviews took place on the 7th March 2014. Each tenderer was represented by up to three personnel who would have an active role in the delivery of the project if they are successful. The Evaluation Panel included a board member and a local councillor representing the views of residents and stakeholders.
- 5.7 The overall results (combining the quality and commercial scores) of the evaluation process are as follows:

	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 (34%)	Price	34.00	30.01	31.63
Alternative (6%)	Price	6.00	0.40	0.83
Tender (55%)	Quality	36.64	28.02	29.76
Interview (5%)				
Weighted Score		76.64	58.42	62.23
Rank		1	3	2

## 6 COSTS

- 6.1 It is proposed that the risk contingency held by KCTMO is reduced by £150,000 in the initial stages of the contract. It is anticipated that an Eco grant will be obtained towards the costs of the project and this will be in the region of £150,000. Once this grant is obtained it will be used to replenish the contingency costs.
- 6.2 It is proposed to enter into the contract with Rydon Maintenance Limited for the sum of £8,707,225. This is the tender sum LESS the sum offered in respect of the alternative cladding (£243,067) and LESS the sum of £300,000 for external landscaping costs which are being omitted from the scope of works as they are already provided within the contract with Bougues Limited.
- 6.3 It is proposed to enter into a Pre-Construction Agreement with Rydon Maintenance Limited for £150,000 to enable them to progress the health and safety plan and the other mobilisation issues whilst the issue with the revisions to the planning permission and the site boundaries are progressed. These works will be subsumed into the main contract.

## 7. RISKS

- 7.1 The following risks have been identified:

- In order to achieve the saving of £243,067 identified in respect of the cladding costs a minor amendment to the planning permission needs to be granted. There is a risk that this could be refused.
- In order to allow the contractor sufficient access there will need to be an adjustment of the boundaries of the site currently occupied by Bougues Limited. The Council is aware of this requirement however this may result in delay / some additional costs

- Due to the height of the building the progress of the external works are particularly susceptible to disruption as a result of high winds
- A number of vocal residents have expressed concern regarding the works and this may result in problems in gaining access to some properties and potentially adverse publicity.
- There is significant uncertainty regarding Eco funding due to changes in the availability of grants in this area. In the event that the grant is not obtained, or is less than the value anticipated, then further funding will be required for the contingency fee (£150k)

## 8. CONCLUSION AND RECOMMENDATION

- 8.1 A detailed and thorough compliant tender process has been applied to this project procurement.
- 8.2 The Board is recommended to approve the award of the contract to Rydon Maintenance Limited subject to:
- The conclusion of the mandatory standstill period (10 days); and
  - The resolution of the issues relating to the boundary
- 8.3 In order to facilitate an early start on the works it is further recommended that a pre-construction agreement is entered into with Rydon Maintenance Limited so some mobilisation works can commence whilst the planning and boundary issues are resolved. This will be limited to £150k.

Report written by:

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Report approved by:

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