



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



Cabinet

16 April 2024

Report of Councillor Richard Cleaver,
Deputy Leader of the Council (Cabinet
Member for Property and Public
Engagement)

Award of Contract for the Construction of the Waste Depot, Turnpike Close Grantham

Report Author

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Purpose of Report

This report sets out the procurement that has been undertaken in order to award the contract to the successful contractor for the construction of the new Waste Depot, Turnpike Close Grantham.

Recommendations

That Cabinet:

1. Approves the outcome of the tender process and appoints Lindum Group Ltd as the preferred contractor for the construction of the Turnpike Close construction contract.
2. Delegates to the Deputy Chief Executive in consultation with the Cabinet Member for Property and Public Engagement to enter into a NEC4 Professional Services Contract with Lindum Group Ltd in order to develop the submitted design to Stage 4 supported by a Value Engineering process in order to align the overall contract price with the approved budget.

3. **Following the conclusion of the Value Engineering, delegation be granted to the Deputy Chief Executive in consultation with the Cabinet Member for Property and Public Engagement to enter into the construction contract to enable the commencement of the works.**

Decision Information	
Is this a Key Decision?	Key Decision
Does the report contain any exempt or confidential information not for publication?	N/a
What are the relevant corporate priorities?	Effective Council
Which wards are impacted?	Earlesfield Ward

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 Council has approved the necessary funding allocation in order to provide the resources to fund the construction works and the necessary project management support to deliver the contract. To ensure best price for the project and to bring the construction costs in line with the approved budget, it is recommended that value engineering is undertaken with the successful bidder. The current financial strategy is to fund the costs of the project from internal borrowing for the short term and there will be a requirement for the Council to provide an annual Minimum Revenue Provision (MRP) whilst the borrowing is undertaken (estimated over the asset life of 50 years). The MRP will be a requirement for each financial year following the asset becoming operational.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Procurement

- 1.2 This requirement has been compliantly tendered via further competition under the Pagabo framework. The tender opened on the 19th December 2023 and closed on 26th February 2024.

- 1.3 Two bids were received and the details of which are contained within this report. This procurement process has been managed by Gleeds Property Consultants and SKDC Procurement Lead has been kept informed throughout.

Completed by: Helen Baldwin, Procurement Lead

Legal and Governance

- 1.4 There are no significant legal and governance implications associated with this proposal, which represents the award of a contract through a compliant procurement process, that are not already referenced elsewhere in the report.

Completed by: Graham Watts, Monitoring Officer

2. Background to the Report

- 2.1 At its meeting on 11 September 2023, Cabinet considered the business case for the transfer of the depot from the current location at Mowbeck Way Grantham to a new location at Turnpike Close Grantham. In summary the key elements of the business case are:

- It is a key strategic location adjacent to the A1 and the A52 thereby giving easy access to all part of the District.
- The site is fully serviced and benefits from all the main utilities.
- The site is large enough for the Council's new depot.
- The site offers flexibility for future expansion.
- It will bring back into productive use a site that has been vacant for a significant period.

The matter was considered my Council on 28th September 2023 and the following decision was taken:

- *Approves an allocation of £8m to be included in the General Fund Capital Programme to provide funding to construct a new depot at Turnpike Close, Grantham.*
- *Delegates authority to Cabinet, in consultation with the Section 151 Officer and Chairman of the Finance and Economic Overview & Scrutiny Committee, to allocate any additional funding if necessary as a result of unforeseen costs during the project, with any such decision being reported to the Finance and Economic Overview & Scrutiny Committee at the earliest opportunity.*
- *Requests that the Finance and Economic Overview & Scrutiny Committee adds the replacement depot to its work programme and establishes a working group to receive regular updates and monitor the project.*

- 2.2 Since the decision was taken to proceed was taken, officers have progressed both the development of the specification, the Procurement Strategy and have also developed and submitted the planning application. All these key activities have been completed with planning permission being approved on 19th January 2024 and the project continues to progress in accordance with the target timeline.

Procurement Methodology

- 2.3 Working alongside procurement specialists, the following routes to market were considered:

- Direct Award under a framework
- Open Tender
- Mini Competition under a framework

The preferred route for this requirement is to run a Mini Competition under a framework. The route of procurement was established and the Council has utilised the Pagabo Framework.

This route was selected due to the following benefits:

- There is a strong regional presence of the listed suppliers, most suppliers are based either within the East Midlands area or UK wide.
- Pagabo will provide technical support on this tender.
- There are a wider number of suppliers on this framework which will ensure a good level of competition and, of which the Council has previous experience working with.
- The percentage commission for using the Framework is cost effective and comparable with other similar sized frameworks.
- The Pagabo Framework provides increased supplier numbers to promote increased competition within a mini comp in comparison to that of the Scape framework.

- 2.4 An Expression of Interest (EOI) was run for the suppliers on the Pagabo National Framework for Medium Works 2023 (Lot 4 – Lincolnshire) on the 4th September 2023 with a deadline set of 11th September 2023.

The Contractors on the Medium Works 2023 Framework for Lot: 4, Region: Lincolnshire are:

Core

- Morgan Sindall Construction & Infrastructure Ltd
- R.G. Carter Cambridge Limited
- Kier Construction Limited
- Tilbury Douglas Construction Limited
- McLaren Construction Limited
- G.F. Tomlinson Building Limited
- Wates Construction Limited
- Lindum Group Limited

Reserve

- Vinci Construction UK Limited
- Britcon (UK) Limited
- Henry Brother Limited

2.5 Pagabo were commissioned to facilitate an EOI exercise to ascertain interest from the framework contractors, with the objective of gaining feedback on the developed procurement strategy, assess contractors appetite for this project and to establish their intention to respond to a Further Competition exercise.

As a result of the EOI, the returns were evaluated on the 25th September 2023 and this resulted in a total of 5 suppliers who were selected to progress.

The table below shows the results of the EOI.

	Contractor	Intention to Participate	Rationale for non-participation
Core	Morgan Sindall Construction & Infrastructure Ltd	No	We do not pursue projects procured under a single stage process.
	R.G. Carter Cambridge Limited	Yes	
	Kier Construction Limited	Yes	
	Tilbury Douglas Construction Limited	No	Single stage
	McLaren Construction Limited	Yes	
	G.F. Tomlinson Building Limited	Yes	
	Wates Construction Limited	No	The nature of works does not suit our capabilities.
	Lindum Group Limited	Yes	
Reserve	Vinci Construction UK Limited	No	We do not have the resources available to meet the timescales outlined
	Britcon (UK) Limited	Yes	
	Henry Brothers Limited	Yes	

The core contractor list meets the minimum number of bidders required therefore this enabled the progression of the tender to core contractors in line with the EOI.

- 2.6 Following the EOI, a Mini Competition via the Pagabo Framework was run on 19th December 2023 to the 26th February 2024. The timetable that was set was as follows:

	Time period Summary
Invitation to Tender	19 th December 2023
Tender Closing Date	26 th February 2024
Clarification Deadline	4 th March 2024
Tender Evaluation	> Initial Tender Report - 04/03/2024 > Score Quality Questions - 11/03/2024 > Post Tender Interviews - 18/03/2024 > Final Tender Report - 25/03/2024
Tender Moderation	13 th March 2024
Post Tender Interviews	19 th March 2024
Intention to Award subject to Cabinet	28 th March 2024
Cabinet Approval	16 th April 2024
5 Day call-in following Cabinet decision	25 th April 2024
NEC4 Professional Services Contract	TBC
Conclusion of Value Engineering	TBC
Construction Contract Award	TBC
Contract Start	TBC

- 2.7 During the tender period, a potential bidder withdrew confirming capacity issues (having just secured a major contract), Two further bidders also withdrew confirming that they could not meet the timescale that was set out. This reduced the number of bidders that could put forward prices to two and consequently two quality bids were received by the deadline date of 26th February 2024.

2.8 To evaluate the tender, the evaluation criteria established was:

Evaluation Criteria	Weighting
Qualitative (non-price, technical professional ability assessment)	35%
Social Value	5%
Commercial (Price)	60%

2.9 This weighting was selected due to the importance of ensuring the cost and quality aspect of this important project are recognised. Evaluations are to be undertaken in accordance with the most economically advantageous tender (MEAT) criterion, which enables the contracting authority to take account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision. This tender exercise was based on a weighting ratio of 60% on Commercial (Price) and 35% on Quality (Technical) with additional Social Value Weighting of 5%.

Description	Weighting
Contract Sum	60%
Capacity	12.5%
<i>Programme & Sequencing</i>	10%
<i>Resource Schedule</i>	2.5%
Health & Safety	5%
<i>Approach to managing H&S</i>	5%
Capability	17.5%
<i>Project Team</i>	5%
<i>Method Statement</i>	5%
<i>Site Supervision and Management</i>	2.5%
<i>Subcontractor Management – Including BIM</i>	5%
Social Value	5%
<i>Approach to Social Value</i>	5%

2.10 The above table details the full breakdown of the evaluation criteria and provides outline of how the qualitative, and social value aspects were apportioned along with the area of the subject matter questioning was based upon.

2.11 An Evaluation Panel was assembled to ensure that individuals assigned to evaluate the questions were the most suitable and appropriate to the criteria being examined, based upon qualifications and experience. The Evaluation Panel consisted of the following professionals:

- Project Manager (Gleeds)
- Design Lead (Norder)
- Project Consultant (SKDC)
- Executive Client Information Manager (Gleeds)
- Consultant Quantity Surveyor (Gleeds)

Each question was evaluated individually by each evaluator and their scores and comments recorded.

- 2.12 A process of moderation for each individual evaluator's scores was undertaken by the Council's Procurement Lead Officer. The responses were discussed at a moderation meeting held on 13th March 2024, attended by all evaluators and chaired by the moderator.

The moderation meeting enabled the Panel to review the scores awarded by each evaluator and agree a score for each question. The meeting also ensured that scoring had been consistent and key points in each question had been accounted for.

- 2.13 The evaluation scoring process was devised based upon a maximum score of 100% being available to each bidder as stated within the tender documentation.

- 2.14 A further meeting was held on 19th March 2024 in which the two bidders were invited to present their submission and outline their bid including the social value, utilising of the local supplier market and ongoing communications on progression of the construction phases. The meeting allowed Council officers and the supporting project team to seek further details of each bid proposal in order to seek confidence that each bid is robust and an accurate portrayal of the Council's requirements.

- 2.15 Following the completion of the evaluation and moderation process the scores awarded to the bid were:

Rank	Bidder	Quality (35%)	Social Value (5%)	Price (60%)	Overall Score (100%)
1	Lindum Group Ltd	26.5%	5%	60%	91.5%
2	Bidder 2	29.5%	4%	52.7%	86.2%

The prices submitted for the schemes were:

Lindum Group Ltd £8,281,449.17 (exc. VAT)

Bidder 2 £9,545,037.47(exc. VAT)

These bids do not include specific elements of the fit-out as the overall submitted bids relating to the construction are higher than originally anticipated. Therefore following the period value engineering (which will be the activity by which the submitted bids will be reduced by agreeing changes to the specification) it is expected that there will be some financial headroom but it may be necessary for a further funding allocation during 2025/26. Specifically the additional costs are in relation to workshop and office fit out costs, ICT costs and mobilisation costs. The costs in relation to these specific areas will be priced in the coming months as the project moves closer to completion.

In terms of quality and social value which equated 40% of the overall score, both bids scored over 75% of the total available qualitative score. However, in scoring

the submitted price bids, bidder 2 price was significantly higher than the recommended preferred bidder.

Therefore it is recommended that Lindum Group Ltd be appointed as the preferred contractor as their bid achieved the highest overall score when taking in the cost, quality and social value scoring. It is recognised that both bids exceed the allocated budget and therefore following the notification to the preferred contractor, a further period of negotiation will need to take place in order to reduce the overall contract price. This period will have an impact on the commencement of the construction with a new targeted date of summer 2024.

3. Key Considerations

- 3.1 This report sets out the procurement process that has been undertaken since the decision was taken by Council to allocate funding for this project. The awarding of the contract will enable the project to continue in accordance with the timeline with a target completion date of April 2025.

4. Other Options Considered

- 4.1 No other options are available as the decision to award the contract is essential to enable the project to continue to the construction stage.

5. Reasons for the Recommendations

- 5.1 These are set out in the report.

6. Background Papers

- 6.1 The Cabinet and Council reports can be accessed here:

[Agenda for Cabinet on Monday, 11th September, 2023, 2.00 pm | South Kesteven District Council](#)

[Agenda for Council on Thursday, 28th September, 2023, 2.00 pm | South Kesteven District Council](#)

[Budget Report 2425.pdf \(southkesteven.gov.uk\)](#)