

TO: Executive Director: People
24 November 2023

Bridgewell Supported Living Main Works Contract

1 PURPOSE OF DECISION

- 1.1 To seek approval to award the contract for main works for Bridgewell Supported Living under a two-stage tender in accordance with the strategic procurement plan agreed by the Executive in June 2022.

2 RECOMMENDATIONS

- 2.1 That the Executive Director: People in consultation with the Executive Member for Adult Services, Health and Housing, approves the award of a contract for the main works for Bridgewell Supported Living to Neilcott Construction Limited, which is within the budget recommended by the Executive in October 2023 for the Council to approve. The contract sum for the main works is set out in Appendix 2.

3 REASONS FOR RECOMMENDATION

- 3.1 The Council appointed Neilcott Construction Limited (Neilcott) in January 2023 for the pre-construction services agreement under a two-stage Design and Build method. Neilcott has developed the design, obtained planning permission and submitted detailed pricing.
- 3.2 The contractor's proposal including pricing has been comprehensively reviewed and pricing has been finalised. Enabling Works Agreement (EWA) was approved on 31 October 2023, which enabled Neilcott to commence mobilisation of their team and place orders with some of the sub-contractors, so that they can start on site with the main works in early December 2023. The award of main works contract will follow on from the EWA and the contractor will commence onsite works. Hence, an approval of the award of a contract for the main works for the Bridgewell Supported Living project would commit the Council to the contract sum set out in Appendix 2 which will be governed through the JCT Design and Build Contract 2016.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The design and cost plan has been developed through the Pre-Construction Services Agreement (PCSA) with Neilcott using a two-stage tendering process. Alternatively, the Council could procure the works stage contract by organising a new procurement exercise but this would lead to significant delay in completion of the project and it is likely to cost more.

5 BACKGROUND

- 5.1 Bridgewell project aims and objectives were established:
- Ensure individuals under the care of CTPLD maintain their independence in their local community and remain close to friends and family.

- Ensuring individuals reside in a suitable quality of accommodation which will suit their ageing needs.
 - Make revenue savings from current support costs.
 - CTPLD are able to monitor the effectiveness of the support being provided.
 - Opportunities to make use of latest assisted technologies.
 - Increase in flexible accommodation in the borough.
- 5.2 The Executive agreed on 21 June 2022 to approve the capital budget as well as approve the Strategic Procurement Plan for the building design and works (including early/enabling works). The Executive made a further decision in relation to the capital costs of the building works on 17 October 2023.

Previous Stage:

- 5.3 Phase 1 - the Council completed the procurement activity and appointed a preferred Design & Build contractor (Neilcott) in January 2023 for progressing the project for planning application and detailed design during the pre-construction services stage. Pre-planning application consultation as well as the statutory planning consultation were undertaken.
- 5.4 The project focus on sustainable value and efficiency credential was previously enhanced to the target of BREEAM Excellent. The scheme incorporates air source heat pumps, photovoltaic (PV) cells and is gas free. Cavity wall insulation to the external walls is specified as non-combustible material. A roof garden for use by the residents is also a key feature of this scheme.
- 5.5 Design over RIBA Stages 3 and 4 were undertaken on a weekly basis and now concluded. This allowed planning permission to be obtained in September 2023. Planning permission for this scheme was granted in September 2023. Neilcott submitted the Contractor's Proposals (CPs) which included pricing of the works.
- 5.6 During this stage Neilcott were required to tender all the sub-contract work packages for the required works. The sub-contract packages were to be procured based on competitive tenders, with Neilcott required to submit minimum of three quotations for packages so that they could demonstrate that best value in the market had been obtained. In instances where three quotes were not received, we directed Neilcott Construction to obtain further quotes.
- 5.7 CPs were scrutinised by the Council's technical advisors and cost consultant. A number of corrections (consisting of errors, duplications, overspecification and additions) were made to the contractor's cost plan, which led to a reduction in Neilcott Construction's base cost plan. In arriving at the contract sum, some value engineering was accepted to manage the scheme cost. The proposed contract sum is within the updated capital budget as per the Executive report in October 2023. This includes the sum for the EWA.

Current Stage:

- 5.8 Phase 2 – this stage consists of the Early Works Agreement (EWA), followed by the main works contract.
- 5.9 Approval of the EWA on 31 October 2023 enabled Neilcott to commence mobilisation of their team, place orders on sub-contractors required during the early stages of site set up and construction, place orders on supplier of long lead items such as bricks. The EWA period covers the listed activities during the month of November 2023.

- 5.10 The EWA (along with the previous stage PCSA) will be subsumed into the main works contract from the target date for the contractor to commence on site set up and works. This is currently planned to commence on 04 December 2023.
- 5.11 Council's cost consultant Modus have prepared a second stage tender report which summarises the contract sum analysis. The cost consultant recommends that the Council accept the main works contract sum. Please refer to Appendix 2 (commercial) for details. At the time of writing this report, a handful of items remain under review; it is likely that by the time the contract is finalised, the final contract sum may change (increase or decrease by approximately £75k) but the overall contract sum will remain within the approved budget.
- 5.12 The project timetable is as follows:

Table 1.

Nr.	Activities	Timeline
1.	Contractor Appointment	Jan 2023
2.	RIBA Stage 3 Design	Jan-Apr 2023
3.	RIBA Stage 3 estimate	May 2023
4.	Planning application submitted	May 2023
5.	RIBA Stage 4 design and cost	Jun-Sep 2023
6.	Executive Reporting – capital budget and Provider SPP	Oct 2023
7.	Enabling Works	Nov 2023
8.	Commence Main Works	Dec'23
9.	Commence Provider Procurement	Jan 2024
10.	Provider appointment	October 2024
11.	Complete building works	March 2025
12.	Service Commencement	April 2025

- 5.13 The recommendation in this report is for the Executive Director: People, in consultation with the Executive Member for Adult Services, Health and Housing, to approve the main works contract award on basis of the Executive approval of the Strategic Procurement Plan for the building design and works (including early/enabling works) in June 2022.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Legal Advice

- 6.1 The contract proposed to be awarded has been procured in compliance with the Council's Contract Standing Orders and the Public Contracts Regulations 2015.

Financial Advice

- 6.2 The award of the main works contract will be funded from the approved budget for this project. Appointing the contractor as proposed in the report enables the scheme to continue to be developed. The project budget was approved by the Executive in June 2022, however, the additional budget reported to the Executive in October 2023 is formally subject to the Council's approval on 29 November 2023. Whilst there is a very low level risk that a formal approval of the additional budget may not be granted by the Council, in such an event, the project deliverables may

need to be accordingly revised to make the scheme affordable. In any case, the main works contract will be entered subsequent to the Council's meeting (i.e. 30 November or thereafter) and as such the decision taken by the Council will be observed before the main works contract is legally completed.

- 6.3 A financial check has recently been performed for the contractor. The preferred contractor has good financial standing.

Corporate Procurement Advice

- 6.4 The original contract award was inclusive of both Enabling Works and the Main Works of the construction, therefore whilst this does represent a separate contract award it has been compliantly procured through the 2022 procurement under both the Public Contract Regulations 2015 and the Council's Contract Standing Orders.
- 6.5 That procurement was conducted and evaluated in accordance with the Strategic Procurement Plan approved on 01/06/2022. Neilcott Construction Ltd was the highest scoring bidder of that procurement.
- 6.6 It is recommended that the award to Neilcott Construction Ltd be approved.

Equalities Impact Assessment

- 6.7 The building will be designed and built to comply with current British Standards and the Building Regulation (Part M) for accessibility for disabled people.
- 6.8 Particular attention will be paid to the disability access and evacuation in the design of the accommodation.

Climate Change and Ecological Impact

- 6.9 This project recognises the adverse impact from climate change as such the project is targeting BREEAM Excellent sustainability and performance rating, i.e., a score of $\geq 70\%$. Triple glazed windows, PV cells, Air Source Heat Pumps feature in this scheme.
- 6.10 Options for improvement to this project's sustainability credentials were incorporated into RIBA Stage 4 design.
- 6.11 The design has been subject to ecology and biodiversity consideration and subsequently approved by the Local Planning Authority. Planning permission as granted in September 2023.

Strategic Risk Management Issues

- 6.12 There are several dependencies and risks that are being closely monitored and managed but may adversely affect the cost and programme. The strategic risks to the project are included within Appendix 1.

7 CONSULTATION

Principal Groups Consulted

- 1.1 Pre-planning consultation was completed. Further statutory consultation by the Local Planning Authority for the planning application was undertaken. Soft market testing was completed with a range of providers and local authorities.

Background Papers
RIBA Stages 3 & 4
Work Programme

Appendix 1 – Strategic Risks
Appendix 2 – Stage 4 Tender Report [Restricted]

Contacts for Further Information

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Appendix 1

Strategi Risks

Risk No.	Workstream	Title	Description/Impact	RAG Status	Preventative/ Mitigating Actions
R008	Design/Build	Increased build costs	Build cost not accurate	<i>Amber</i>	Cost plan tested at RIBA Stage 3 and 4; additional budget requirements identified and agreed by Executive in October 2023. It is worth noting that the impact from unknowns e.g. below ground and utility providers not performing on time or cost remains a risk. Contingency allowed for managing risk.
R009	Design/Build	Incorrect design	Design not fit for purpose	<i>Amber</i>	Subject Matter Experts informed the design as it progressed. Soft market test of the design was completed at early stage. Design workshops undertaken frequently.
R028	Design/Build	Credit Check	Contractor could enter into administration	<i>Amber</i>	Whilst it is possible for any large or small contractor/sub-contractor to go into administration, our main contractor has been credit checked and is currently of sound financial standing (multiples of our works contract value).
R029	Design/Build	Vacant Property	Ad Hoc Guardians may not vacate the existing building to meet construction timetable	<i>Amber</i>	Provide adequate notice period as well as prior notification for Ad Hoc to manage a timely exit from the existing building. Notice has been served. Exit date is 22 Nov 2023.
R030	Design/Build	Main Works	Contractor escalates price change for the main works	<i>Amber</i>	EWA cost is set at a low level. Price for the main works has been comprehensively reviewed; some remaining items are being closed out. An approximate contract sum for main works will be included in the EWA to manage this risk. JCT amended contract set outs responsibilities for both contracting parties.