
**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Overview and Scrutiny Committee -
22 July 2010

Subject: Town Hall Complex Programme: Construction Contractor
Appointment

Report of: Elaine Bowker, Strategic Director of Transformation

Summary

The report advises members of the process and criteria used to appoint a main contractor to Stage 1 of a two-stage contract negotiation process to deliver the design development and refurbishment of the Town Hall Complex, comprising the Town Hall Extension, Central Library and St Peter's Square.

Recommendations

The Committee is asked to note that the Chair may be asked to exempt the key decision to appoint a construction contractor from the call in process.

Wards Affected:

All

Financial Consequences for the Capital Budget

The proposal requires a capital investment up to £700,000 which is contained within the previously approved overall Town Hall Transformation Complex budget of £155 million.

Financial Consequences for the Revenue Budget

There are no consequences for the Revenue Budget.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Town Hall Complex Transformation Programme – Progress Update

21 October 2009, report to the Executive from the Chief Executive, Strategic Director of Transformation and City Treasurer

Town Hall Complex Programme – Transforming the Customer Experience

11 February 2009, report to the Executive from the Chief Executive, Strategic Director of Transformation and City Treasurer

Update on Activities within the Town Hall Complex Refurbishment Programme

22 October 2008, report to the Executive from the Strategic Director of the Manchester Improvement Programme

Town Hall Complex Strategy

23 July 2008, report to the Executive from the Chief Executive and City Treasurer

1.0 Introduction

- 1.1 Manchester's Town Hall complex is home to buildings of international architectural significance and works of exceptional quality and craftsmanship. The Town Hall Extension and Central Library have national significance and are among the best examples of the architecture of their period, innovative, sophisticated and constructed to high standards. As part of the Town Hall Complex Transformation Programme, Manchester City Council will be carrying out extensive works to prepare the complex for many more years of civic duty, as well as making progress towards the Council's commitment to reducing its carbon footprint.
- 1.2 The development sees improvements made to the Town Hall Extension, Central Library, Library Walk and St. Peter's Square. Together these two civic buildings and two external spaces comprise the Town Hall complex. To achieve this programme, the existing services have successfully decanted to new premises at One First Street, Elliot House, Universal Square and Marshall Street, from which interim services will be delivered until completion of the Town Hall Transformation Programme in 2013.
- 1.3 This report seeks to inform the committee of the progress made towards appointing a construction contractor with regards to the Town Hall Extension and Central Library. Members should note that whichever company wins the contract for the pre-construction work is highly likely to also achieve the contract for the main construction works.

2.0 Background

- 2.1 In February 2009, a report was submitted to the Executive formally recommending that the Town Hall Complex Transformation Programme (formerly the Town Hall Refurbishment Programme) should proceed, including approval of governance arrangements and the establishment of a Members' Review Panel.
- 2.2 The report described how the refurbishment of the Town Hall Extension and Central Library would improve outcomes for our customers and employees through an improved physical environment and through the opportunity to provide genuine cultural and behavioural change. It also described the costs, benefits and a basic implementation plan for achieving these outcomes.
- 2.3 The transformation of our customer services starts in our temporary accommodation in One First Street, with the opening of the Customer Service Centre on 1 June 2010. Staff from customer facing services across the council have been brought together for the first time, providing access to council services for Manchester residents via an integrated service delivery approach. The new CSC is structured around the need of residents rather than administrative boundaries, and will expand over time to include all customer facing services, ultimately enabling customers to access all council services in a single visit. Upon completion of the refurbishment of programme, the CSC

will become the Town Hall Service Centre, transferring back to the Town Hall Extension in three years' time.

- 2.4 The programme has genuine cultural and behavioural transformation at its heart. The move to open plan, more technologically enabled offices is the first essential step forward in achieving a sustainable reform agenda. Our refurbished office space will lend itself to more modern, flexible working arrangements, with more desk space enabling the implementation of 'agile working', and allow the Council to vacate leased-in premises, leading to financial savings.

3.0 Tender Process

- 3.1 Design proposals have been developed to facilitate the new ways of working, whilst having regard to the requirements of English Heritage. Key milestones for the programme are below:

8-10 July	Public pre-planning consultation (TH Extension and Central Library)
15-17 July	Public consultation (St Peter's Square International Design Competition)
6 th August	Final planning applications/ Listed Building Consents
Late November	Planning approvals and Listed Building Consents achieved
January 2011	Refurbishment of the buildings commenced
May 2013	TH Extension refurbishment completed
August 2013	Central Library refurbishment completed
Autumn 2014	St Peter's Square works completed

- 3.2 In order to achieve this programme a construction contractor is required to join the design development team, initially to facilitate developing the design through to construction production information and to agree a construction target cost consistent with the project budget.
- 3.3 The process for selection of the construction contractor has involved the use of the Major Projects Framework developed on behalf of the North West Construction Hub (NWCH) on which City Council are acting as Framework Sponsor. Five companies are retained on the framework with bids being received from three of the invited parties, being Bovis, Laing O'Rourke and Wates Construction. Two companies, Kier Limited and Morgan Ashurst declined on the grounds of scale and their inability to put forward a team with appropriate experience at this time.
- 3.4 Bids were submitted on 8 June 2010 in response to our invitation documentation comprising a combination of quality and financial proposals. Following initial analysis and review, responses have been received to a series of clarification questions, interviews held with each of the bidders and subsequently further confirmation received clarifying issues raised thereat.

- 3.5 Clarified bids have been scored on the basis of 70% quality and 30% financial weightings in accordance with the NWCH Framework guidelines. Scoring has been completed by a panel comprised of the below:
- Director of Capital Programme
 - Head of the Town Hall Complex Transformation Programme
 - Construction Director for the THCTP
 - Commercial Manager for the THCTP
- 3.6 The criteria used in the scoring and evaluation matrix can be found at Appendix A, as extracted from the Invitation to Mini Tender document.
- 3.7 Interviews with the three invited companies (as specified in paragraph 3.3) were held to validate and clarify the mini tender proposals submitted. All interviews were held the week beginning 5 July 2010. The interview panel comprised those members of the scoring panel specified above (3.5) and:
- Project Manager for the Town Hall Extension refurbishment
 - Project Manager for the Central Library refurbishment
- 3.8 At the time of writing this report, final analysis is still to be completed and further discussions will be held with each bidder to resolve outstanding issues. The choice of contractor will be reported verbally at the July meeting of the Resources and Governance Overview and Scrutiny Committee.
- 4.0 Costs and Funding**
- 4.1 Financial impact of the acceptance of the Stage 1 Tender (for the pre-construction works) will be accommodated within the £700,000 provision made within the budget for this stage of the project.
- 4.2 Stage 2 of the construction appointment will be made to the successful Stage 1 contractor upon agreement of the target cost. The financial implication of the second stage appointment, i.e. commitment to construction, amounts to approximately £90 million which is contained within the overall THCTP budget approval of £155 million. However, no commitment will be sought for this stage until the scheme design and target cost is confirmed to be within budget and programme allowance, and approval will be sought from the Executive at that time.
- 4.3 Expenditure of the approved commitment will be contained within the current financial year (2010/11).
- 5.0 Summary**
- 5.1 In order to move the Town Hall Complex Transformation Programme forward to the next stage in support of the design and planning process, a construction contractor is required to form part of the development team. The procurement

process adopted for the programme assumes the inclusion of the construction contractor at the point of planning application submission on 6 August 2010.

- 5.2 The appointment of the construction contractor will be known by the time the Resources and Governance Overview and Scrutiny Committee meets on 22 July 2010. The committee will be verbally informed at the meeting of the successful construction contractor.

6.0 Recommendations

- 6.1 Recommendations can be found at the front of this report.

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

8.0 Scoring Criteria – Quality

The quality section of your submission will be based upon the following questions. These questions are designed to establish who is best placed to deliver the Manchester THCTP.

As stated above, the answers to these questions carry 70% of the total score as the quality section of the submission.

Your answer to each of the questions asked in this document will be scored using the scoring principles below:

Score	Scoring Principles
0	Rejected – Evidence is unacceptable or non-existent, or there is a failure to properly address any issues.
1-4	Poor – The evidence is deficient in certain areas where the details of relevant evidence require the reviewer to make assumptions.
5-6	Satisfactory – The evidence is acceptable, but with some minor reservations. The response deals only with processes and little output evidence is provided.
7-8	Good – The standard of evidence fully meets expectations.
9-10	Outstanding – The standard of evidence exceeds expectations. The response demonstrates clear and strong evidence of delivery as part of an integrated team and how this has become part of a continuous improvement process.

8.1 Questions – Quality

A page limit has purposely not been included in order not to limit the quality of your responses, however you are requested to be sensible and reasonable in the volume of support documentation you propose to submit.

Approach		Answer all questions in this section in the context of the Manchester Town Hall Complex Transformation Programme	
Topic	No	Question	Page Limit
Experience	1.	What experiences does your organisation have with relation to the refurbishment of Grade 2 and Grade 2* Listed buildings in city centre locations and how will you bring these learned skills to the benefit of the THCTP?	
	2.	What specific experiences has your organisation	

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

		learnt from the projects referred to in Item 1 above that will bring benefit to the THCTP?		
	3.	Provide details of your proposed management team (to section or trade supervisor level) showing their individual experiences on Grade 2 and Grade 2* Listed buildings and what particular skills and flair they can bring to the THCTP		
	4.	What experiences does your organisation have of collaborative and collocated working on similar, NEC Design Develop and Construct listed building projects, what are the key lessons you have learned and how can this project benefit from those experiences?		
Community	5.	How will your organisation foster good relationship with stakeholders and the local community and how will these relationships relate to the THCTP? Reference to past projects may be used for clarification		
	6.	How will your organisation address local economic sustainability issues and how will this impact upon the project, your organisation and your supply chain partners?		
	7.	How will your organisation propose to develop local employment skills and take advantage of the particular opportunities available through the specialised nature of the THCTP Buildings?		
Technical	8.	What proposals will your organisation make to bring energy saving benefits to the scheme and general benefits to the environment including minimising waste?		
	9.	Protecting existing high quality fittings and finishings and maintaining an acceptable environment in retained heritage areas is a major complication during the refurbishment works. Using previous experiences as necessary, describe how your organisation will address these problems in the THCTP and how you will contribute to reducing the associated risks		
	10.	Integration of mechanical and electrical		

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

		engineering installations into the existing building fabrics will be a major challenge to the delivery of the project. Please provide examples of how your organisation have managed the careful and sympathetic insertion of new installations into similar heritage buildings		
Design	11.	Explain how your organisation have addressed the problem of achieving high quality design detailing whilst recognising significant financial limitations, on similar projects and how work can be undertaken sympathetically having regard to the needs and aspirations of the Client, the Design Team and English Heritage to achieve the best outcome for the programme		
	12.	Please demonstrate your organisation's understanding of sympathetic structural intervention into the fabric of listed buildings and how will you ensure a high quality of construction? You may use references to previous similar projects to show how you have achieved this in the past		
General	13.	Specialist construction skills will be required relative to the existing fabric, in particular with regard to areas such as joinery, bronze windows, wall finishes, lead roofing and stonemasonry. What skills does your organisation possess in house and how will the specialist procurement and supply chain management skills be brought to bear on this issue? Details of proposed key supply chain partners together with reasons for selection, should be provided.		
	14.	Decanting staff from the temporary location at One First Street and other locations throughout the City back to the refurbished buildings will need to be very carefully managed, both logistically and considerately with regard to staff. What experience does your organisation have in this regard and how can these skills contribute to this important process?		
	15.	The THCTP will be undertaken in a very restricted city centre location with many adjacencies and dependencies, which will impact on the programme and the cost of the works.		

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

		How does your organisation propose to bring your management skills to reduce the associated risks to programme and cost?		
	16.	Sustainability by Design is an essential element of the design process, how will your organisation bring its broader experience of constructing in a sustainable manner, to the benefit of the THCTP?		

8.1 Quality Scoring Weighting

Scores - Quality / Criteria – Weighting					
Q1	7 points	Q7	10 points	Q13	6 points
Q2	7 points	Q8	4 points	Q14	4 points
Q3	10 points	Q9	6 points	Q15	3 points
Q4	6 points	Q10	10 points	Q16	3 points
Q5	5 points	Q11	8 points		
Q6	4 points	Q12	7 points		

9.0 Scoring Criteria – Financial

The compiled construction related costs will be evaluated and the overall lowest price will be allocated the full financial score of 30% with prorated scores applied to the other submissions.

9.1 Profit & Overheads

These percentages must be those submitted within your original framework submission.

9.2 Pre Construction Fee

The preconstruction fee is required to be completed to reflect the appended programme and included within the competition return; note both the cost schedule and programme spread are to be complete.

Submission is to include a cost for all line items and where instructed to clearly identify one of only four options:

1. Excluded
2. Included
3. Not Required
4. Overhead

Note additions to resource allocation are to be added at the bottom of each section.

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

9.3 Construction Preliminaries

The Construction Preliminaries are required to be completed to reflect the appended programme and included within the competition return; note both the cost schedule and programme spread are to be complete.

The submission is to include a cost for all line items and where instructed to clearly identify one of only four options:

1. Excluded (assumed by work package contractor)
2. Included
3. Not Required
4. Overhead

Note additions to resource allocation are to be added at the bottom of each section.

10.0 Evaluation Matrix

The evaluation matrix is below:

Evaluation Matrix	Weighting	Marks Awarded
Quality Proposal	70%	
Experience		
Question 1	7 of 100	
Question 2	7 of 100	
Question 3	10 of 100	
Question 4	6 of 100	
Community		
Question 5	5 of 100	
Question 6	4 of 100	
Question 7	10 of 100	
Technical		
Question 8	4 of 100	
Question 9	6 of 100	
Question 10	10 of 100	
Design		
Question 11	8 of 100	
Question 12	7 of 100	
Question 13	6 of 100	
Question 14	4 of 100	

Appendix A – Scoring Criteria and Evaluation Matrix from Invitation to Mini Tender

Question 15	3 of 100	
Question 16	3 of 100	
Total Quality Scores	70% of 100	
Financial Proposal		
Total Financial Score	30% of 100	
Total Quality + Financial Score	Out of 100%	