

## 2<sup>ND</sup> GENERATION BUILDING FRAMEWORK LOT 2 PROCUREMENT REPORT No.04

### MINI-COMPETITION - MCP008 - PENTYRCH DEVELOPMENT

|                            |   |
|----------------------------|---|
| <b>CONTRACT TITLE</b>      | <b>MCP008 - PENTYRCH DEVELOPMENT</b>  |
| <b>CONTRACT REFERENCE</b>  | <b>CAV-MIN-PROJECT_56088</b>  |
| <b>PERIOD</b>              | <b>ONE OFF REQUIREMENT</b>  |
| <b>CLINICAL BOARD</b>      | <b>CAPITAL ESTATES AND FACILITIES</b>   |
| <b>TENDER CLOSING DATE</b> | <b>03/05/2024 12:00– MINI COMPETITION OFF THE 2<sup>ND</sup> GENERATION BUILDING FRAMEWORK CAV-OJEU-PROJECT_53290</b> |

#### 1. INTRODUCTION

Cardiff and Vale University Health Board (CVUHB) is one of the largest NHS organisations in the UK which provides day to day health services to a population of around 472,400 people living in Cardiff and the Vale of Glamorgan.

The Capital, Estates and Facilities Department (CEF) at Cardiff and Vale University Health Board (CVUHB) have a need for the following works to be undertaken: **MCP008 – Pentyrch Development**

The need for a long-term accommodation solution to the temporary accommodation of Pentyrch Surgery has been a priority for a significant period of time and has been included as a priority scheme within the Cardiff and Vale University Health Board Primary Care Estates Strategy. This Strategy sets out the proposals the health Board plans to progress, to ensure the provision of high-quality primary care estate to address both current capacity/infrastructure pressures and to provide sufficient capacity to respond to the significant population growth within Local Development Plans planned to take place by 2026.

#### Scope of Works:

The project comprises the construction of a new two storey Medical Centre for Cardiff and Vale University Health Board with a GIFA of 612m<sup>2</sup> together with a 75m<sup>2</sup> Pharmacy (Shell only) with associated external works and underground drainage.

#### 2. BACKGROUND

Following the success of the 1<sup>st</sup> generation Building framework, the 2<sup>nd</sup> Generation Building Framework was created following an open tender process which after a vigorous evaluation, awarded five suppliers per lot a contract. The companies were assessed for their sustainability and ability to provide the works required. The contract is for a period of four years plus two years extension at yearly intervals.

This internal framework allows CEF to undertake mini competitions with the awarded companies to put in place “one off” Building works without the need to run lengthy, timely tender processes.

It ensures value for money is applied consistently across the requirements. It also enables CEF direct access to an efficient and cost-effective local supply base promoting foundational economy.

By running a mini competition with the pre-qualified suppliers will identify the best price for the project required.

It was proposed that the framework is split into 3 Lots depending on the value:

- Lot 1 – Small Works / Schemes - £0 - £500,000.00 (Generally Option A or Short form)
- Lot 2 – Medium Works / Schemes - £500,000.00 - £4,000,000.00 (Generally Option A or Target Cost)
- Lot 3 – Major Works / Schemes - £4,000,000.00 - £7,000,000.00 (Generally Option A or Target Cost)

The framework will have an estimated Annual Value spend of £10,250,000.00.

Contracts shall be NEC4 family, mainly Engineering & Construction contract & short contract.

- Works up to £25k direct award on rotational basis.
- Emergency works direct award on rotational basis.
- Works up between £25k & £100k mini competition Cost Evaluation only.
- Works above £100k mini competition Cost (60%) / Qualitative Evaluation (40%).
- Qualitative evaluation shall be based on: -
  - Contractor's programme submitted with tender price
  - Contractors Activity Schedule in line with programme
  - Programme shall include (but not limited to):
    - ❖ Key dates (milestones)
    - ❖ Resource & cost
    - ❖ Start date/Completion date
    - ❖ Order/timing of contractor operations, client and others
    - ❖ Float
    - ❖ Time risk allowance
- Opt-out clause to be discussed and agreed mutually for each call-out.

The successful Contractors will be required to bid on all opportunities via mini competition unless in special circumstances where:

- Contractor already working on several schemes with the Health Board
- Contractor bidding on multiple schemes with the Health Board

**Emergency Works** irrespective of cost shall be a direct award to one of the contractors on the Framework and specific to the Lot chosen. This shall be carried out on a rotational basis starting with the Number 1 contractor on the lot and progressing down the list to number 5 contractor before returning to number 1. This will be managed between the CEF Team and Procurement Team.

There are five pre-qualified suppliers per lot on this 2<sup>nd</sup> Generation Building Framework with one supplier on reserve in lot 2:

**Lot 1:**

- 1) **TSF**
- 2) **John Weaver**
- 3) **BECT**
- 4) **2D**
- 5) **ET&S**

**Lot 2:**

- 1) **Knox & Wells**
- 2) **John Weaver**
- 3) **BECT**
- 4) **2D**
- 5) **ET&S**
- 6) **Encon (reserve)**

**Lot 3:**

- 1) **ISG**
- 2) **Tilbury Douglas**
- 3) **Knox & Wells**
- 4) **Kier**
- 5) **Encon**

Details of the Internal Building Framework:

**Name:** Building Framework  
**Value:** £61,500,000.00  
**Length of Contract:** 15.02.2024 until the 14.02.2028 plus 2 years extension at yearly intervals  
**Contract Reference:** CAV-OJEU-PROJECT\_53290

A log of mini competitions run off the internal framework is maintained within the Procurement Department to ensure that header value of the overarching framework is not breached.

### Tenders Received:

The tenders opened on 3 May 2024 at the offices of CVUHB were as follows:

| Bidders                         | Bid           | Bond | Programme | Overheads & Profit | Qualifications received |
|---------------------------------|---------------|------|-----------|--------------------|-------------------------|
| BECT Building Contractors Ltd   | £3,220,538.94 | N/A  | 54 weeks  | 6%                 | Yes                     |
| 2d Building Contractors Limited | £3,321,529.43 | N/A  | 46 weeks  | 12%                | Yes                     |
| John Weaver Contractors Limited | £3,412,635.47 | N/A  | 62 weeks  | N/A                | Yes                     |
| Knox and Wells Limited          | £3,479,866.38 | N/A  | 52 weeks  | N/A                | Yes                     |
| ET&S Construction               | £3,716,584.39 | N/A  | 48 weeks  | N/A                | Yes                     |

### 3. CONTRACT FINANCIALS

#### a. CURRENT CONTRACT VALUE

Not Applicable

#### b. NEW CONTRACT VALUE

A Tender was received from each of the five Contractors on the lot. Following the tender opening at the Procurement Office of CVUHB, the tender information was forwarded to the Quantity Surveyor on the scheme CDA on 8 May 2024 to enable CDA to begin the tender adjudication process.

The tender sums received from the five tendering contractors ranged from circa £3.2m to £3.7m. Due to this wide spread of tenders received, it was agreed with CVUHB to only review the two most competitive tenderers in detail, namely BECT Building Contractors Limited and 2D Building Contractors Limited.

A detailed analysis of the two lowest tenders was undertaken by CDA. This analysis is summarised below. A copy of the final Tender Adjudication Summaries for both BECT Building Contractors Limited and 2D Building Contractors Limited can be provided upon request.

| Supplier                  | BECT          | 2D            | ET&S          | John W.       | Knox          |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Tender Return Cost</b> | £3,262,152.30 | £3,321,529.43 | £3,716,584.39 | £3,412,635.47 | £3,479,866.38 |
| <b>Commercial 60%</b>     | 60            | 58.93         | 52.66         | 57.35         | 56.25         |
| <b>Quality Score 40%</b>  | 35            | 30            | 35            | 30            | 30            |
| <b>Total Score</b>        | 95%           | 88.18%        | 86.99%        | 86.62%        | 85.53%        |
| <b>Position</b>           | 1             | 2             | 3             | 4             | 5             |

### Summary of Tender Adjudication:

In conclusion, BECT Building Contractors Limited submitted the lowest compliant tender. Their proposal included no additional qualifications or exclusions beyond those stated in the Adjudication Summary. After correcting arithmetical errors and revising sections of the Bill of Quantities, the tender amount was adjusted from £3,220,538.94 plus VAT to a final sum of £3,262,152.30 plus VAT.

BECT's tender consistently came in at a lower price compared to 2D Building Contractors Limited across all categories, except for preliminaries. Appendix Three provides a comparison of both tender Main Summaries, showing that the rates used by BECT appear to be generally reasonable.

CDA reviewed BECT's fully compliant tender and deemed it competitive and genuine, recommending it to CVUHB for approval. All contractors involved in the tender process are part of CVUHB's Framework, and CVUHB has verified the financial stability and suitability of these contractors for the required work.

#### **Financial Notes:**

- **Funded Via Welsh Government Code CAN5**
- **VAT is non-reclaimable**
- **There are no IFRS16 implications**

#### **FRAMEWORK VALUE**

|   | <b>Excluding VAT</b> | <b>Including VAT</b> |
|---|----------------------|----------------------|
| <b>Framework Value</b>                        | £61,500,000.00       | £73,800,000.00       |
| <b>Spend to date: 15.02.2024 – 07.01.2025</b> | £1,562,287.30        | £1,874,744.76        |
| <b>Works Value</b>                            | <b>£3,262,152.30</b> | <b>£3,914,582.76</b> |
| <b>Contingency Value</b>                      | <b>£225,000.00</b>   | <b>£270,000.00</b>   |
| <b>Total Contract Value</b>                   | <b>£3,481,565.38</b> | <b>£4,177,878.45</b> |
| Current Total Spend                           | £5,049,439.60        | £6,059,327.52        |
| Remaining Framework Value                     | £56,450,560.40       | £67,740,672.48       |

#### **4. ANY OTHER RELEVANT INFORMATION**

The management of the one-off contract will be undertaken by the CEF Department to ensure that it is being fulfilled to the requirements as per the specification. The CEF Department will also ensure that the value of the contract is not breached. If any breach should be foreseeable the Procurement Department must be contacted to ensure provision is made for compliance to EU Procurement Regulations and Health Board Financial Instructions.

Procurement will monitor the value of all mini competitions awarded via the Building Framework to ensure that the overarching value of the framework is not breached.

#### **Key Performance Indicators:**

Key Performance indicators (KPIs) play a crucial role in measuring the success and progress of Building projects/schemes within the local construction Framework s. While the specific KPIs may be mutually agreed upon for each call-out, here are some commonly used KPIs that will be considered but not limited to:

- a. Tender returns: KPI assesses number of tenders return v tenders issued by client. Number of programmes returned with tender to number of required programmes. Contracts signed in required timescale.
- b. Programmes: - Quality of programmes with all relevant information.
- c. Contract Management: - Early warning notices, timely and responsive. Compensation events, timely and with programme if required. Request for information and Invoicing.
- d. Site Management: - Performance, Quality, site supervision and isolations/hot works permits.
- e. Sub-Contractors: - Quality, Management of, Co-ordination between contractor and sub-contractors, Payment of, adherence to C&V Contractor Control Policy.
- f. H&S: - Performance (red/yellow cards), Site inductions up to date, Contractor monitoring and vetting of sub-contractors, Job registration forms, F10's, RAMS, C&V Control of Contractors policy.
- g. Handover: - Completion on time, Defects, O&M Manuals & Waste clearance.

Additional KPIs will be agreed for each works on a case-by-case basis within the NEC4 Contract. These KPIs will be customised to align with the specific goals and needs of each call-out within the Framework. Both the contractor and the Health Board will mutually agree upon them to ensure alignment.

#### **5. BENEFITS REALISED FROM AWARD**

By running a mini-competition for **MCP008 - Pentyrch Development** the internal Building Framework, allows a compliant, swift tender process and the works in situ in a timely manner. The companies have previously been assessed for their sustainability and their ability to provide the services required.

Direct access to an efficient and cost-effective local supply base promotes foundational economy and action within the Decarbonisation Strategy.

Companies are aware of the Wellbeing of Future Generations Act and that the Health Board has a responsibility to demonstrate how they are prioritising action on climate change and will work with the CEF team to ensure that this is addressed within the works undertaken.

## 6. RECOMMENDATION

On the basis of the foregoing, it is recommended that the contract for **MCP008 - Pentyrch Development** should be awarded to **BECT Building Contractors Ltd** for **£3,481,565.38 Exc VAT for the following reasons:**


Following the detailed tender Adjudication, they offered the lowest priced compliant tender.

- ✓ Generally, their priced Bills of Quantities appears very competitive.
- ✓ They have included a profit and overheads percentage to be utilised in the measurement of variations and expenditure of provisional sums of 6% which is competitive.
- ✓ They are a Framework Contractor for Cardiff and Vale University Hospital.


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| Date:  | 7 <sup>th</sup> January 2025   |
| Assistant Head of Operational Procurement Approval |  |
| Approved By:                                       | Helen James  |
| Date:  | 15 <sup>th</sup> January 2025  |




I confirm that the expenditure has an identified budget and will not cause any financial pressure which could result in the Clinical Board/Department not delivering its financial breakeven duty.

**SIGNED** .....   
**PRINT NAME** ..... Stephen Gardiner  
**TITLE** ..... Head of Capital  
**DATED** ..... 16-Jan-25

I confirm that the expenditure has an identified budget and will not cause any financial pressure which could result in the Clinical Board/Department not delivering its financial breakeven duty.

**SIGNED** .....   
**PRINT NAME** ..... Geoff Walsh  
**TITLE** ..... Director of Capital, Estates & Facilities  
**DATED** ..... 16-Jan-25

I confirm that the expenditure has an identified budget and will not cause any financial pressure which could result in the Clinical Board/Department not delivering its financial breakeven duty.

**SIGNED** .....   
**PRINT NAME** ..... Helen Lawrence  
**TITLE** ..... Assistant Director of Finance  
**DATED** ..... 17-Jan-25