

	<p style="text-align: center;">ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER</p> <p style="text-align: center;">22 April 2016</p>
<p style="text-align: right;">Title</p>	<p>Oakleigh Road Depot Design & Build Contract</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer</p>
<p style="text-align: right;">Wards</p>	<p>Brunswick Park</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Chris Smith, Head of Estates, 020 8359 2000 Chris.smith@barnet.gov.uk</p>

Summary
<p>This report provides a general update on progress against the Oakleigh Road Depot and seeks approval to enter into the JCT Design and Build Contract for the construction of the new Council Depot as a replacement for the Mill Hill East Depot.</p>

Decisions
<p>1. Approval to enter into Contract with Willmott Dixon Construction for Oakleigh Road Depot. Contract Value £11,819,666</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 In 2011 the Council entered into a joint venture agreement with private partners in which the Council contracted to dispose of its land interests in the Mill Hill Depot to the joint venture consortium to facilitate the comprehensive re-development of the Mill Hill East area in line with the MHEAAP.
- 1.2 The Council is required under the terms of the contract to give up vacant possession of the Mill Hill Depot to the joint venture consortium by 31 December 2016. As such, time is of the essence to undertake the construction of a new depot facility at Oakleigh Road South.
- 1.3 In December 2014, Full Council approved either the purchase of the freehold or a lease agreement with an option to purchase for Abbots Depot, Oakleigh Road South, to allow for the relocation of the council's main Depot facility.
- 1.4 In July 2015, the Chief Operating Officer granted approval for the Authority to enter into a Pre-Construction Services Agreement (PCSA) with Willmott Dixon Construction.
- 1.5 The PCSA instructed Willmott Dixon Construction to progress RIBA Stage 4 Designs, prior to entering into a JCT Design and Build Contract for the construction of the Oakleigh Road Depot.
- 1.6 Willmott Dixon Construction have recently completed the Stage 4 Design and the Council's appointed Technical Advisors have reviewed the Contractors Proposals to be incorporated into the JCT Design and Build Contract.
- 1.7 It is anticipated that the JCT Design and Build Contract will be executed week commencing 11 April 2016. Execution of the JCT Design and Build Contract is a major milestone in the project delivery programme and underpins our commitment to vacate the Mill Hill Depot.
- 1.8 The current programme indicates a start on site of 9 May 2016, with an anticipated completion of 26 May 2017.
- 1.9 Given the above it is essential that the Council drive maximum efficiencies from the current build programme and enter into the build contract at the soonest opportunity, but only after following the completion of all necessary due diligence.
- 1.10 This decision has been considered and taken in line with the Council's decision making framework which includes Section 22 of the Council's Constitution, Contact Procedure Rules. It should be further noted that the procurement activity was reported to the Policy and Resources Committee on 16 December 2015 as highlighted in section 5.2 of this report. The details of this context have been considered by the Chief Operating Officer and the Director of Resources, therefore this report confirms approval of the decision

to enter into contract with the provider as documented at section 5.3.3 of the report.

2. REASONS FOR DECISIONS

- 2.1 To enter into the contract for the construction of the Oakleigh Road Depot maintain programme impetus.
- 2.2 To ensure the Council fulfils its contractual obligations to vacate the current Mill Hill depot, as defined in the Millbrook Park Development agreement.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3.1 A number of alternative development sites and construction options were considered as part of the planning process. The former Abbots Depot on Oakleigh Road South was assessed and selected using a number of key criteria including planning, operational, financial, risk and programme.

4. POST DECISION IMPLEMENTATION

- 4.1 Execution of the build contract is scheduled for the week commencing 11 April 2016. The Project Team are currently working with Willmott Dixon Construction to finalise contract particulars and Contractors Proposals. Execution of the contract will trigger a 4 week mobilisation period. Construction works are expected to commence on Monday 9 May 2016

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 This programme supports the Council's priorities to:
 - Promote responsible growth, development and success across the borough.
 - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The construction of the Oakleigh Road Depot has been identified on both the Procurement Forward Plan and Capital Programme, both of which were reported to the Policy and Resources Committee in December 2015.
- 5.2.2 This decision is taken in accordance with the Council's Constitution and 22 Contract Procurement Rules Appendix 1 Table A.
- 5.2.3 Policy and Resources Committee approved an addition of £11,232,000 to the existing programme budget.

- 5.2.4 Procurement for construction services was undertaken via the Southern Construction Framework (SCF), Lot 3 London. Eight firms were sent the Stage 1 Mini Competition documents in line with the Framework requirements. Only 4 Contractors responded to the Stage 1 Mini Competition, of which one contractor opted out due to a lack of capacity to respond.
- 5.2.5 The evaluation criteria for the Stage 2 Mini competition were selected as 40% cost and 60% quality, in line with the requirements of the Framework Agreement. Willmott Dixon Construction were appointed with a combined winning score of 81.84%.
- 5.2.6 In using the Southern Construction Framework contract procedure rules have been adhered to.
- 5.2.7 This decision is taken in accordance with the Council's Constitution and 22 Contract Procurement Rules Appendix 1 Table A
- 5.2.8 The initial procurement was carried out with an anticipated contract value of £8,100,000. The final proposed contract sum is £11,819,666. The reasons for the difference between the anticipated and actual contract sum is set out in 5.2.11. The difference in value does not impact the procurement strategy as the process remained in line with the framework requirements, the process and potential bidders would have remained consistent regardless of contract value.
- 5.2.9 The Pre-Construction Services Agreement DPR signed in July 2015.
- 5.2.10 The current build cost plan and recommended Contract Sum is £11,819,666. This figure covers all contractor activities and can be contained within the overall project budget, when taking into consideration construction costs and fees for Quantity Surveyor, Construction Design Management Co-ordinator, legal costs, planning costs and a contingency sum. The Project Team have taken a number of steps to ensure that the project budget is controlled tightly. A large part of the increase in contract sum is due to the transfer of risk items and the identification of more efficient ways to deliver the wider programme. Therefore, while the contract sum has increased for this element, greater confidence has been achieved in the achievement of programme deliverables within the overall programme budget.
- 5.2.11 The main items of variance from the estimated contract value constitute:

Addition to anticipated contract sum	Value of addition	Impact on overall budget
Site works & Drainage	£ 1,450,000	Ground risk now priced and included within contract sum, contained within overall budget with reduction of contingency allowance

Electrical Install, ICT & Fit out Costs	£	650,000	Items originally intended to be provided by others are now part of the main contract, providing cost certainty and improved coordination. Contained within overall budget as Electrical Install, ICT & Fit out budgets have been adjusted downwards accordingly
Highways Works	£	250,000	Highways works originally intended to be provided by others are now part of the main contract, providing cost certainty and improved coordination. Contained within overall budget as budgets have been adjusted downwards accordingly
Japanese Knotweed and other ecological factors	£	150,000	Risk items have now been confirmed and included within the main contract, the contingency allowance has been adjusted accordingly
Transfer of design responsibility	£	500,000	Responsibility for design has been transferred at an earlier stage to enable earlier cost certainty and transfer of risk, the budget originally allowed for a direct appointment, therefore, the costs are contained within the overall budget through transfer of budget originally allowed for direct appointments
Additional Inflationary rises in costs & Prelims (transferred from risk register)	£	700,000	The market has moved on from the original start on site date, this has led to further inflationary and prelim costs rises beyond those originally allowed for. The uplift is contained by reduction of contingency allowance.
	£	3,700,000	

5.2.12 Costed risk items and provisional sums will be reviewed regularly and omitted/mitigated where possible.

5.2.13 The nature of complex construction projects require change control procedures to be in place so that on site issues and opportunities can be dealt with swiftly without unnecessary delay and cost to the employer. The JCT contract contains the relevant mechanisms and any required change will be managed in accordance with the mechanisms defined within the contract. Changes will be reviewed by the Council's appointed technical team and formally authorised by the project Board.

5.3 Legal and Constitutional References

5.3.1 Procurement processes must comply with the European public procurement rules.

5.3.2 The Council can access lawfully procured framework agreements where the

council is named as a potential framework user, and the works to be called off are in scope and within the estimated financial value of the framework, and the Council follows the framework rules

5.3.3 Under the Council's Contract Procedure Rules, the Council and the successful tenderer will need to enter into a written contract to document the terms for the provision of the works/services.

5.3.4 This decision has been taken in accordance with the Council's Contract Procedure Rules which includes Appendix 1, table A

5.4 Risk Management

5.4.1 A project risk register is maintained by the Corporate Programmes Team.

5.4.2 Any risk identified during the project will be fully assessed and where possibly mitigated or managed.

5.4.3 The most significant risk with regard to this decision is the requirement to vacate the current Mill Hill Depot by the contractual longstop stop date of 31 December 2016. This date will now be missed and any further delay will introduce the risk of financial penalties to the Council. As such the pre-construction enabling works are required as soon as possible.

5.4.4 The contract includes costed project risks which will be monitored and managed by the Project Team.

5.4.5 The build contract includes contingencies for unforeseen issues.

5.4.6 The wider programme budget includes a client contingency.

5.5 Equalities and Diversity

5.5.1 Pursuant to the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristics and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

5.5.2 At this stage there are no equalities and diversity considerations specific to the recommendations in this report.

5.6 Consultation and Engagement

5.6.1 The scheme has a valid Planning Approval in place which was supported by community consultation and engagement and summarised in a statement of

community engagement.

- 5.6.2 The Council continues to provide regular updates to the local community through newsletters. A newsletter is due to be released advising residents of the planned activity over the coming months.
- 5.6.3 Following the approval of the decision contained in this report Chief Operating Officer and the Director of Resources, this Delegated Powers Report will be circulated to Committee Members of the Assets Regeneration Committee, Policy and Resources Committee and Brunswick Park Ward Members for information.

6. BACKGROUND PAPERS

- 6.1 Officer DPR providing Authority to enter into a Pre-Construction Agreement with Willmott Dixon under the Southern Construction Framework Agreement for Oakleigh Road Depot:
<http://barnet.moderngov.co.uk/mglIssueHistoryHome.aspx?Id=25975&optionId=0>
- 6.2 Capital Programme and Procurement Forward Plan reported to the Policy and Resources Committee in December 2015:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8349&Ver=4>
- 6.3 Full Council Approval to enter into an agreement to purchase Abbotts Depot, Oakleigh Road South:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7816&Ver=4>
- 6.4 Full Council Decision to approve the re-assignment of the Waste Operation Lease at Oakleigh Road South:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7820&Ver=4>

7. DECISION TAKER'S STATEMENT

- 7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

- 8.1 Approval to enter into contract with Willmott Dixon Construction to undertake the construction of the Oakleigh Road South Depot.

Signed

A handwritten signature in black ink, appearing to be 'Jeffrey', written above a horizontal line.

Date

22 April 2016
