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<b>Date</b>	1 <sup>st</sup> December 2015		
<b>Ward(s) affected</b>	Dorking	<b>Key Decision</b>	Yes
<b>Subject</b>	<b>Recommendation to accept the offer from the principal contractor for the refurbishment of the Pippbrook Civic Offices, Dorking.</b>		
<p><b>RECOMMENDATIONS</b></p> <p>That approval is given to Option 1- to accept the offer in the sum of £3.689m from Willmott Dixon Public &amp; Commercial Limited (formerly known as Willmott Dixon Capital Works Limited) for the construction works, which is within the overall budget of £4.5m and includes fees for professional services, costs associated with move management and the decant strategy and the provision of new furniture, and to award the contract for these works to Willmott Dixon to act as principal contractor for the refurbishment of the Pippbrook Civic Offices based on their offer.</p>			
<p><b>EXECUTIVE SUMMARY</b></p> <p>Following decisions by the Executive on 16<sup>th</sup> June 2015 as set out below:</p> <p>(1) That the procurement of the principal contractor for the refurbishment of the Pippbrook Civic Offices via the Scape Framework Agreement, as detailed in the report submitted, be approved.</p> <p>(2) That a report which sets out the offer made by the principal contractor to refurbish the Pippbrook Civic Offices be presented to the Executive in October 2015;</p> <p>this report confirms the offer made by the approved single supplier contractor under the Scape framework agreement and recommends its acceptance and to appoint Willmott Dixon as the principal contractor for the refurbishment of the Pippbrook Civic Offices.</p>			
<p><b>CORPORATE PRIORITIES</b></p> <p><b>Environment - Maintaining the character and environment of Mole Valley</b></p> <p>Where possible, the opportunity has been taken to incorporate sustainable construction options within the refurbishment of the building which in turn will have a positive impact on running costs.</p>			

### **Prosperity - Delivering quality, value for money services**

As a result of early engagement with the principal contractor via the Scape framework agreement, best use was made of the pre-construction time available and allowed early dialogue with Willmott Dixon in order to ensure competitive pricing of the works and in order to achieve best value for money.

### **Community Wellbeing - Helping residents to access the services they need**

**Improve the way we engage with our Customers and listen to our communities** – It is the long term aim of this project to both maintain and improve access to the main Council offices at Pippbrook particularly for disabled users. The project will incorporate new technology, improved working methods and disabled access arrangements to the building in order to improve the various ways by which customers gain access to the services we offer.

**Working with our partners** will be facilitated by ongoing and enhanced co-location and joint working. This has been optimised by designing flexible working space within the office environment that can be adjusted as required to accommodate different user groups for the services being delivered.

## **1.0 BACKGROUND**

1.1 At the Council's Executive meeting on 9<sup>th</sup> September 2014 approval was given to:

“Refurbish the existing offices at an estimated cost of £4.5m. The order of priority should be: Health and Safety, statutory compliance issues, sustainability and improvements to the working environment.”

1.2 A further report was approved by the Council's Executive on 16<sup>th</sup> June 2015 giving approval for the procurement of the principal contractor for the refurbishment of the Pippbrook Civic Offices via the Scape framework agreement. At the same Executive meeting, approval was given for a further report to be presented setting out the offer made by the principal contractor to carry out the works.

### Scope of Works

1.3 The Council has worked closely with its appointed consultant to develop a schedule of works which will achieve the criteria set by the Executive. Close attention has been paid to ensure that each element of the proposed works is within the criteria of: Health and Safety, Statutory Compliance, Sustainability and Improving the Working Environment. All of the proposed works meet at least one of these four criteria with the majority achieving more

1.4 A set of tender documents including the schedule of works and accompanying drawings were produced by the consultant for the agreed scope of works to be let under a NEC Engineering and Construction contract (as amended under the Scape framework agreement). In broad terms the scope of works falls under the following headings:

- Roof renewal and associated external works including renewal of roof lights, perimeter flashings, brickwork etc.
- Window overhaul, internal and external decorations

- Installation of raised floor and new ceiling grid
- New external ramps
- Tanking to external electrical switch gear room.
- Installation of new mechanical services including a new air-handling system
- Installation of new electrical Services – small power and lighting

#### Phasing of Works and Decant Strategy

- 1.5 The tender documents issued to Willmott Dixon included a detailed phasing programme which will enable the works to be undertaken within the building in a number of phases and cause the minimum amount of disruption possible to staff therefore ensuring that the Council's service delivery is unaffected.
- 1.6 The proposed decant strategy is based on Surrey Adult Social Care moving to Pippbrook House for a period of approximately twelve months. This would release enough space within the building to enable staff to move between the various phases in order that Willmott Dixon can take occupation of five distinct areas on a rolling programme basis. The individual start and completion dates for these phases have been agreed and included within the contract documentation. Both Surrey County Council Adult Social Care and the Police have been kept fully advised of the phasing and proposed works.
- 1.7 A programme of minimal works is being undertaken on Pippbrook House in order to ensure that it is fit for occupation for Surrey Adult Social Care to occupy for the period of their decant. The cost of which is included in the budget.

#### Offer from Willmott Dixon and Financial Implications

- 1.8 A lump sum price of £3.689m has been offered by Willmott Dixon to act as principal contractor and carry out the works as specified for the refurbishment of the Pippbrook Civic Offices. This offer is within the approved budget for the construction element of the project and in line with the pre-tender estimate.
- 1.9 The consultants for the project have carried out a full analysis of the offer made by Willmott Dixon and have provided a tender report which confirms that the offer represents good value for money and can be recommended to Members for acceptance.
- 1.10 The overall project cost which includes the construction works, will be delivered at £4.489m and includes the fees for professional services, the costs associated with move management and decant strategy and the provision of new furniture. This will be achieved within the approved budget of £4.5m set by the council in February 2014.

#### Delivery Programme

- 1.11 As previously reported to the Executive, the works are due to commence on site in January 2016 with an anticipated completion date of December 2016. Initial enabling works will be carried out during the Christmas holiday period when the main electrical distribution board will be replaced.

## Legal Implications

- 1.12 The form of contract is the NEC Engineering and Construction Contract Option A Priced Contract with Activity Schedule as modified in accordance with the Scape framework agreement and further modified to comply with the Council's Contract Standing Orders para 10 'General principles applying to all contracts'.
- 1.13 As a priced contract, the risk of carrying out the work at the agreed prices is largely borne by Wilmott Dixon, but it is not a fixed price contract. Contractually, it is important that officers deliver the decant strategy so as to give Wilmott Dixon access to each area of the building on the agreed phase start date as otherwise, depending on the impact, this could entitle Wilmott Dixon to additional payments under the contract. As with any construction project, once the works are underway there is always the potential of additional works or changes to methods of working. The contract includes a risk register which is a tool requiring Wilmott Dixon, MVDC's consultant and MVDC to pro-actively identify and track potential problems which could affect time, cost or quality with a view to avoid or minimising the impact on the project.
- 1.14 Key sub-contractors providing the works to Wilmott Dixon will be required to provide sub-contractor collateral warranties in favour of MVDC – these are in a pre-agreed form and give MVDC the benefit of warranties from the sub-contractor that it has complied with its obligations under the sub-contract with Wilmott Dixon.
- 1.15 If the decision is to award the contract to Wilmott Dixon under the Scape framework agreement, a contract award notice must be published on Contracts Finder (but not at OJEU) within a reasonable time, which according to the guidance is within 90 calendar days after the contract award date (reg 112 PCR 2015 and Crown Commercial Service Guidance on the new transparency requirements for publishing on Contracts Finder).

## **2.0 OPTIONS**

- 2.1 The following options are open to the Executive:
1. Accept the offer from Willmott Dixon in the sum of £3.689m and appoint them as principal contractor for the refurbishment of the Pippbrook Civic Offices.
  2. Not to accept the offer from Willmott Dixon as the principal contractor for the refurbishment of the Pippbrook Civic Offices but to go to the market and follow a two stage restricted procurement route instead. The effect of this would delay the project delivery date and increase costs.
  3. Not to accept the offer from Willmott Dixon as the principal contractor for the refurbishment of the Pippbrook Civic Offices and cancel the project. In this event there would inevitably be a delay which increases the risk of failure of the plant and mechanical and electrical services. With inflation taken into account it is unlikely that the current project could ever be delivered in the future within the approved budget.

### **3.0 CORPORATE IMPLICATIONS**

#### **Monitoring Officer Commentary**

The Monitoring Officer is satisfied that all legal implications have been taken into account.

#### **S151 Officer Commentary**

The s151 Officer confirms that all relevant financial risks and implications have been taken into account in this report

#### **Risk Implications**

The risk register for this project is monitored and reviewed by MVDC and updated by the project team. This ensures that risks are identified at an early stage and mitigation strategies are put in place.

1. There is a risk that individual phases within the delivery programme will overrun and have a knock on effect to the overall project completion date. In order to mitigate this risk, detailed and ongoing discussions will take place with the contractor in order to identify the early signs of a phase overrun and adjust the programme accordingly.
2. Risk that additional elements of work which have not been allowed for are identified once the project starts with a potential impact on cost and programme. This has been mitigated by allowing a healthy contingency sum within the contract and the use of the NEC form of contract which provides for an early warning if additional works are identified.
3. There is a risk that whilst the construction works are underway, there will be a level of disruption which will have a negative effect on the council's ability to deliver its services to the public. In order to mitigate this, the works have been carefully phased around ensuring uninterrupted access to the interview rooms and reception area during the period of the works. Whilst some of the building services pass through the interview rooms and reception area, no works are being carried out in these areas.

#### **Equalities Implications**

The Equalities Implications were detailed in a previous Executive report as a result of being assessed within the Equality Impact Assessment. Where appropriate, any requirements have been incorporated into the schedule of works and specification.

During the construction works, safe access routes for both members of the public and staff will be maintained and regularly monitored in order to ensure service delivery is unaffected.

#### **Employment Issues**

This has been covered in the previous report and there are no employment considerations associated with the appointment of the Principal Contractor for these works.

#### **Sustainability Issues**

The report which was approved by the Executive on the 9<sup>th</sup> September 2014 recommended that as part of the overall refurbishment, priority should be given to

issues of sustainability. As the schedule of works and specification has been developed by the project team, ways of improving the building sustainability and carbon footprint have been under continual review and included in wherever possible.

### **Communications**

Communication on the projects delivery programme is ongoing with both the Pippbrook Member Working Group, MVDC staff, Surrey Adult Social Care and the Police.

### **BACKGROUND PAPERS**

None