

REPORT TO	DATE OF MEETING
CABINET	21st March 2012



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Authorisation of expenditure and acceptance of tender for replacement of external doors & windows, Civic Centre, Leyland	Finance & Resources	John Dalton	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report requests approval to commit capital expenditure for the replacement of external doors and windows of the Civic Centre, Leyland and award a contract to the company who submitted the lowest price tender submitted.

RECOMMENDATIONS

That Cabinet agrees:

1. to grant authority under section 3(3) of the Council's Financial Regulations to incur capital expenditure of up to £550,000 in respect of works to replace external doors and windows at the Civic Centre. This provision covers not only the contract price but also fees, contingencies and additional costs likely to be encountered by the Council during the works.
2. to award a contract, value £472,052, excluding VAT, to the company who submitted the lowest price tender.

DETAILS AND REASONING

The need to replace the external doors and windows at the Civic Centre was identified some 6 years ago and has been considered as a project to pursue almost annually. The building was constructed in 1975 and the vast majority of windows and doors are original. The windows are single glazed and score really badly against energy efficiency and the building experiences considerable loss of energy performance. In addition, the fact that the windows are over 35 years old means that many panes are difficult to operate and spare parts to carry out repairs are no longer readily available. Some windows were renewed as part of the Gateway initiative some years ago and they will not be replaced.

Previously when the replacement has been discussed the phasing of the works was considered such as to complete one wing of the building at a time over a 5 year period. However, there are strong arguments to undertake the works in one go, particularly in order to minimise disruption of Council (and our tenants) business as well as less contract supervision and consequently costs. In more recent capital budget forecasts a single budget item has been listed with the works anticipated for completion in a single financial year. The works need to be carried out in the summer months in order to minimise disruption to operations within the building. In order to hit this timeframe tenders have already been sought. This report then seeks authorisation for the expenditure of the capital programme project to replace the civic centre windows and doors and to award the contract for the project to the lowest tenderer.

At the last Cabinet meeting, held in 21st February, the Capital Programme for 2012/13 was approved; it includes £872,300 for works to replace external doors and windows of the Civic Centre and associated professional fees.

Authorisation is sought under section 3(3) of the Council's Financial Regulations to release the expenditure for the replacement of the Civic Centre windows etc.

The proposed works include replacement of the existing aluminium, single glazed, external doors and windows with products having energy efficient frames and glazing, and in addition includes the insulation of the external cavity walls of the building. The replacement works are proposed to be carried out whilst normal staffing and operations continue in the building and the ideal time for these works is during the months of May to August.

In accordance with the Council's Contract Procedure Rules, seven companies were sourced and in early December invited to provide tenders for the replacement of doors and windows etc.

The following four tenders, in ascending order, were submitted, excluding VAT:-

£472,052
£629,999
£676,528
£694,640

The lowest tender has been evaluated, found to be acceptable, and is recommended for acceptance.

Despite the fact that arrangements have been made to carry out the works during spring and early summer, when most favourable weather conditions could be expected, it is possible that adverse weather conditions could disrupt the contractors programme. The contract conditions allow for an extension of the contract period without financial recompense. However, if significant delays occur it may be necessary to ask the contractor to work at evenings and weekends to mitigate the lost normal working time and complete the works during August, this would result in extra payment. Also, attempting to carry out refurbishment work in an occupied building without any disruption of normal working arrangements is optimistic; it is possible that, despite best endeavours, the contractor's programme is disrupted because of unforeseen circumstances. Such extra working arrangements would require extra supervision by the external consultant employed by the Council to design and manage the contract.

Therefore, it is recommended that Cabinet authorises capital expenditure of £550,000 excluding VAT, for the works to replace external doors and windows of the Civic Centre and associated professional fees, in accordance with section 3(3) of the Council's Financial Regulations; extra contract expenditure from £472,052 to be approved by the Director of Planning and Housing or his authorised representative.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	Award of a contract will commit the Council to expenditure of £472,052. Approval to spend £550,000 has been requested which includes not only the contract price but also professional fees, contingencies and any additional costs which may be encountered by the Council during the works. Therefore the total expenditure is expected to be well within the budget estimate of £872,300.
LEGAL	The Council and Company will enter into a signed and sealed, building industry standard contract for the works.

RISK	<p>To mitigate the potential failure of the chosen contractor and performance of the contract, the tender selection process included an independent assessment of financial status. As a further precaution an 'up to date' independent assessment of the company who submitted the lowest tender was obtained on 2nd February, it states: Low Risk – There is a high degree of confidence this company will prove good for the assigned Credit Limit of £2,245,800 recommended aggregate annual value if buying from this company.</p> <p>The company who submitted the lowest tender does not have a parent company who could guarantee performance. The tender sum includes the cost of providing a performance bond for a maximum of 10% the contract value, and a bond will be requested to be provided.</p>
ASSET MANAGEMENT	<p>The proposal is consistent with the philosophy of the adopted Asset Management Plan which seeks to improve energy efficiency.</p>

BACKGROUND DOCUMENTS

Cabinet Report 14th December 2005 : Replacement of windows and doors
 Cabinet Report 15 February 2006 : Financial Strategy, Budget and Council Tax 2006/07
 Cabinet Report 21st February 2012: Financial Strategy, Budget and Council Tax 2012/13