

Report on a Competitive Tender

Phase 4.2 – Construction of Seven sites:

Hornbeam Close Site B, Buckhurst Hill [HR136]
Hornbeam House, Buckhurst Hill [HR137]
Bourne House, Buckhurst Hill [HR135]
Ethridge Road, Debden [HR127]
Denny Avenue, Waltham Abbey [HR144]
Beechfield Walk, Waltham Abbey [HR142]
Kirby Close, Loughton [HR120]
Lower Alderton Hall Lane, Loughton [HR122]

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On Behalf of:

Epping Forest District Council

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1. Executive Summary

As part of Epping Forest District Council Phase 4 Council House Build Programme, Airey Miller undertook a competitive tender process with Epping Forest Framework contractors for the phase 4.2 sites, consisting of 8 separate developments.

Tenders were invited from Indecon Building Ltd, Neilcott Construction Ltd, Roof Ltd and TSG Building Services PLC from Epping’s approved framework list. Unfortunately Roof Ltd declined the tender process due to their resource constraints. Neilcott Construction, after initially confirming their willingness to tender, also withdraw citing preconstruction resource constraints.

Tenders were received on the 2 March 2020 as instructed within the invitation to tender. These were due to be officially opened on the 18 March 2020, however, with the onset of COVID-19 this was postponed. We were then provided official confirmation tenders had been opened on 25 March 2020. The returns are as follows and listed within Appendix A:

- Indecon Building Ltd - £7,104,129
- TSG Building Services PLC - £7,673,793

The site Lower Alderton was included within the tender in anticipation of obtaining planning, but due to the local plan this has not currently been achieved. As such, we are no longer able to include this site within the tender and has been moved back into phase 4.4. The tenders returned also included several qualifications by both contractors, which we worked through during the clarification process to remove as far as possible resulting in the revised tender return figures as follows:

- Indecon Building Ltd - £6,394,519
- TSG Building Services PLC - £7,084,060

All tenderers submitted a list of clarifications within their tender returns, both of which have been reviewed in detail. These clarifications have been deemed as low to medium risk items and are identified within Appendix C. From our review we are of the opinion that the Council will not obtain value for money if such clarifications are costed by the contractor and fixed within their tender, therefore we have allocated suitable provisional sums.

The tender from Indecon Building Ltd does include some provisional sums and as such, we recommend that the Council accommodate the low risk clarifications within their own contingency Control Account.

We therefore recommend acceptance of the tender submitted by Indecon Building Ltd in the sum of £6,394,519 together with the proposed construction period of 52 weeks.



Signed

for AIREY MILLER LIMITED

Date **4 May 2020**

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2. Tender Process

2.1 Address of Sites

Hornbeam Close Site B, Buckhurst Hill, Essex, IG9 6JS

Hornbeam House, Buckhurst Hill, Essex, IG9 6JT

Bourne House, Buckhurst Hill, Essex, IG9 6JY

Ethridge Road, Debden, IG10 2HY

Denny Avenue, Waltham Abbey, EN9 1NS

Beechfield Walk, Waltham Abbey, EN9 3AD

Kirby Close, Loughton, IG10 3BA

~~Lower Alderton Hall Lane, Loughton, IG10 3HA (Removed from Tender)~~

2.2 Approved Scheme

Hornbeam Close (site B)

Demolition of garages and replacement with 3No. x 3 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/0215/16)

- 3No. x 3-bedroom/5 person houses
- The total gross internal floor area is 163m²

Hornbeam House

Demolition of existing garages and erection of 2No. x 2 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/0234/16)

- 2No. x 2-bedroom/4 person houses
- The total gross internal floor area is 303m²

Bourne House

Demolition of existing garages and erection of 2No. x 3 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/0213/16)

- 2No. x 3-bedroom/5 person houses
- The total gross internal floor area is 201m²

Etheridge Road

Demolition of existing garages and erection of 2No. x 3 bed two storey affordable homes and 1No. x 2 bed bungalow and associated landscaping. (Planning REF: EPF/2592/15)

- 2No. x 3-bedroom/5 person houses
- 1No. x 2-bedroom/3 person Bungalow
- The total gross internal floor area is 261m²

Denny Avenue

Demolition of existing garages and erection of 1No. x 2 bed and 2No. x 3 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/2871/16)

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- 1No. x 2-bedroom/4 person houses
- 2No. x 3-bedroom/5 person houses
- The total gross internal floor area is 284m²

Beechfield Walk

Demolition of existing garages and erection of 5No. x 2 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/3217/16)

- 5No. x 2-bedroom/4 person houses
- The total gross internal floor area is 418m²

Kirby Close

Demolition of existing garages and erection of 4No. x 2 bed two storey affordable homes and associated landscaping. (Planning REF: EPF/2035/16)

- 2No. x 2-bedroom/4 person houses
- 2No. x 3-bedroom/5 person houses
- The total gross internal floor area is 373m²

Due to the location of the sites within this phase of works, it is considered that the schemes will be contracted under two separate contracts:

Contract 1: Hornbeam Close (Site B), Hornbeam House & Bourne House

Contract 2: Etheridge Road, Denny Avenue, Beechfield Walk and Kirby Close.

2.3 Tenders Invited

All four of the Framework Contractors were invited to tender for these Phase 4.2 sites, unfortunately both Roof Ltd and Neilcott Construction declined to return a tender on this occasion, both citing preconstruction resource constraints.

A competitive compliant tender process in accordance with Alternative 2 as described in JCT Tendering Practice Note has been undertaken.

Tender documents were issued to the Framework contractors on the 20 December 2020 with a tender return date of 2 March 2020. Mid-tender interviews were arranged for 4 February 2020 in order to clarify all the contractor's query's and clarifications at that stage. During the tender period it was agreed to add in a site, Kirby Close, to the tender pack. This additional site was issued out to the contractors on 14 February 2020, with no revision to the tender return date provided.

The tenderers were required to submit their tenders via the agreed common data environment, called Viewpoint for Projects.

The Framework Contractors were given instructions and support in using Viewpoint for Projects prior to tender submission.

The tender documents were sent via an Invitation to Tender letter electronically, which included URL public links to the Viewpoint for Projects digital platform. The projects' tender documents comprised the following:

1. ITT Response Pro Forma Compliance.
2. The Form of Tender
3. The Contract Sum Analysis

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4. Insurance Information
5. Formal Declaration of Offer
6. Certificate of Bona Fides
7. Appendices, including drawings, specifications, and surveys.
8. The Employer's Requirements Volumes 1, 2, 3, 4 and 5

Following tender returns, due to required re-design, Lower Alderton Hall Lane was subsequently omitted from the tender sites and pushed back for tender with phase 4.4.

2.4 Tenders Received

The following tenders were returned on 2 March 2020:

Contractor	Original Tender Sum (£)	Tender Sum (Following clarification and removal of Lower Alderton)	Construction Period
Indecon Building Ltd	£7,104,129	£6,394,519	52 Weeks
T.S.G. Building Services PLC	£7,673,793	£7,084,060	52 Weeks

The above revised tender sum shall be split across two contracts as below:

Contractor	Contract 1	Contract 2	Total Tender Sum (£)
Indecon Building Ltd	£2,160,015	£4,234,504	£6,394,519
T.S.G. Building Services PLC	£2,567,165	£4,516,895	£7,084,060

It is considered the tenders represent a genuine competitive situation. Tenderers were invited on the basis of no more than 52 weeks contract period.

2.5 Tender Acceptance Period

The tender acceptance period for the project is 16 weeks from the tender return date which expires on 22 June 2020.

3. Tender Examination

Appendix B provides our side by side tender analysis on all tenders received and against Airey Miller's tender estimate.

All tenders that were received had clarifications/qualifications. Airey Miller subsequently reviewed the items and compared them against the other returns. These were then interrogated with TSG Building Services PLC and Indecon Building Ltd in a bid to remove all qualifications. The post tender clarification logs are located in Appendix C.

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3.1 Risk and Value for Money

Many qualifications/clarifications are related to the pricing of risk placed upon the contractor. Airey Miller have undertaken a risk review of these elements all of which are low to medium. In our opinion we consider the lowest will obtain better value if it held an allowance for such risks rather than allow the contractor to be paid for doing so. We have therefore priced such risks and recommend such sums accommodated with a client side council's central contingency Control Account. This sum is displayed in Appendix D and has been suggested to be used as the client Control sum. We recommend that this amount should remain separate to the contract sum within the council's contingency Control Account allowance.

3.2 Preliminaries

Indecon Building Ltd and TSG Building Services PLC have allowed for a relatively high preliminary budget within their tender. This is due to the nature of the small sites and the complexities that may arise. These do vary on a site by site basis, however, when calculated as an average there is a 3% difference from Indecon Building Ltd to TSG Building Services PLC which is displayed below:

- Indecon Building Ltd – 17%
- TSG Building Services PLC – 20%

3.3 Overheads and Profit

Only TSG Building Services PLC displayed their OH&P allowance. Unfortunately, Indecon Building Ltd have included their allowance within their costs and have not listed it separately so we are not able to review the difference against this item. Available figures are displayed below:

- Indecon Building Ltd – Not provided
- TSG Building Services PLC – 11%

3.4 Insurances

All tenderers have included for insurances. This is described in more detail within section 3.11. Below is a table illustrating the companies that Indecon Building Ltd & TSG Building Services PLC have proposed to use for their insurance cover.

Insurance Type	Indecon Building Ltd	TSG Building Services PLC
Professional Indemnity Insurance	Tokio Marine HCC Ltd	CFC & Aqueous Underwriting (Lloyds)
Public Liability Insurance	Aviva Insurance	Goldcrest Insurance
Employer's Liability Insurance	Aviva Insurance	Goldcrest Insurance

3.5 Performance Bond

Indecon Building Ltd did not offer a performance bond within their original submission, however, following the clarification process they have now provided fixed costs against this for each site in the agreed format which can be instructed post contract as required by EFDC.

TSG did not raise this within their clarifications and as such, we can assume they would provide in line with the agreed format issued out with the tender documents.

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3.6 Financial Analysis

Please refer to Appendix B – Tender Analysis for a side by side comparison of the respective tenderers.

3.7 Experian Credit Check

We have undertaken an Experian Credit Check on Indecon, which confirmed that they have an overall credit summary score of 94% (see Appendix E). This indicates that the contractor is a below average risk company, giving little reason to doubt credit transactions to the limit assigned.

3.8 Liquidated and Ascertained Damages

Liquidated and Ascertained Damages have been set as per 2.29.2 of the Contract Particulars as listed below for reference:

Hornbeam Close B: £89 per unit per working day
Hornbeam House: £60 per unit per working day
Bourne House: £70 per unit per working day
Etheridge Road: £95 per unit per working day
Denny Avenue: £88 per unit per working day
Beechfield Walk: £106 per unit per working day
Kirby Close: £95 per unit per working day

3.9 Statutory Approvals

3.9.1 Planning/S106 status

All these sites were subject to Non-Material Amendment Changes, all of which were agreed by EFDC planners in an email 5 March 2020.

Hornbeam Close Site B - Planning Ref: EPF/0215/16

The site has 8no. Pre-commencement conditions and a further 4no. pre-occupation conditions. Of the pre-commencement conditions, Condition 5 – Phase 1 Land Contamination Report has been approved by email, with formal discharge awaiting Phase 2 discharge. Condition 6 – Phase 2 Land Contamination was submitted 09/08/19 with Protocols accepted. Condition 7 - Remediation Method statement was submitted 19/12/19 and awaits discharge. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

Hornbeam House - Planning Ref: EPF/0234/16

The site has 8no. Pre-commencement conditions and a further 4no. pre-occupation conditions. Of the pre-commencement conditions, Condition 5 – Phase 1 Land Contamination Report has been approved by email, with formal discharge awaiting Phase 2 discharge. Condition 6 and 7 – Phase 2 Land Contamination and Remediation Method statement were submitted 9/08/19 and 19/12/19 and await discharge. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

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Bourne House - Planning Ref: EPF/0213/16

The site has 6no. Pre-commencement conditions and a further 3no. pre-occupation conditions. Of the pre-commencement conditions, Condition 4 – Phase 1 Land Contamination Report has been approved by email, with formal discharge awaiting Phase 2 discharge. Condition 5 and 6 – Phase 2 Land Contamination and Remediation Method statement were submitted 9/08/19 and 19/12/19 and await discharge. Condition 10 (Levels) was submitted at the end March 2020. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

Ethridge Road - Planning Ref: EPF/2592/15

The site has 8no. Pre-commencement conditions and a further 3no. pre-occupation conditions. Of the pre-commencement conditions, Condition 11 – Phase 1 Land Contamination Report has been approved by email, with formal discharge awaiting Phase 2 discharge. Condition 12 and 13 – Phase 2 Land Contamination and Remediation Method statement were submitted 7/11/19 and 19/12/19 and await discharge. Condition 6 (Levels) was submitted at the end March 2020. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

Denny Avenue - Planning Ref: EPF/2871/16

The site has 8no. Pre-commencement conditions and a further 3no. pre-occupation conditions. Of the pre-commencement conditions, Condition 11 – Phase 1 Land Contamination Report has been approved, with formal discharge awaiting Phase 2 discharge. Condition 12 and 13 – Phase 2 Land Contamination and Remediation Method statement were submitted 13/12/19 and await discharge. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

Beechfield Walk - Planning Ref: EPF/3217/16

The site has 9no. Pre-commencement conditions and a further 3no. pre-occupation conditions. Of the pre-commencement conditions, Condition 10 – Phase 1 Land Contamination Report has been submitted 04/11/19 with response to initial comments submitted 13/11/19, approval awaited. Condition 11 and 12 – Phase 2 Land Contamination and Remediation Method statement were submitted 06/12/19 and 10/12/19 and await discharge. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

Kirby Close - Planning Ref: EPF/2035/16

The site has 9no. Pre-commencement conditions and a further 3no. pre-occupation conditions. Of the pre-commencement conditions, Condition 3 – Phase 1 Land Contamination Report has been submitted 13/09/19 with formal discharge awaiting Phase 2 discharge. Condition 4 – Phase 2 Land Contamination was submitted 07/11/19 with Protocols accepted. Condition 5 - Remediation Method statement was submitted 19/12/19 and awaits discharge. All other conditions including pre-occupation and advisory will be the responsibility of the contractor for submission and discharge.

3.9.2 Building Regulations

Building Regulation full plans approval to be applied for by the contractor.

3.10 Design and Quality Standards:

The council’s design & quality standards have been incorporated within the Employer’s Requirements.

3.11 Contractor Insurances

Please see the table below which illustrates the level of cover that all three contractors have proposed to obtain for PI insurance, public and employer’s liability insurance.

Insurance Type	Indecon Building Ltd	TSG Building Services PLC
Professional Indemnity Insurance	£5,000,000	£10,000,000
Public Liability Insurance	£10,000,000	£10,000,000
Employer’s Liability Insurance	£10,000,000	£10,000,000

3.12 CDM Regulations

We can confirm the contractor has provided evidence of their competency to provide both Principal Contractor and designer services during to the post tender stage.

4. Recommendations

Following our review of the tender returns Airey Miller consider Indecon Building Ltd.’s submission to be the most competitive. This is based on their tender return of £6,394,519 plus £334,000 risk allocated as a client contingency Control Account. This tender was overall 1% below our pre-tender estimate and Airey Miller can confirm this tender to be a competitive price and offers Epping value for money based upon our experience of similar projects. Indecon Building Ltd.’s tender expires on 22 June 2020.



Signed

for AIREY MILLER LIMITED

Date **4 May 2020**

TL Check

