

## **Allocation of Additional Capital Funding to the St. Bees Promenade Life Extension Project**

**EXECUTIVE MEMBER:** Councillor Allan Holliday – Portfolio Holder  
**LEAD OFFICER:** Pat Graham – Corporate Director People and Places  
**REPORT AUTHOR:** David Bechelli – Flood and Coastal Defence Engineer

### **WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?**

It will allow the completion of the project to extend the life of the north face of St. Bees promenade for another 50 years. This will allow the continued use of this area for recreation purposes.

### **WHY HAS THIS REPORT COME TO THE EXECUTIVE?**

(e.g. Key Decision, Policy recommendation for Full Council, at request of Council, etc.)

**This report has come to Executive for a key decision to allocate additional funding to allow an existing approved project to continue.**

### **RECOMMENDATIONS:**

Executive is asked to approve the allocation of an additional £49,500 to that already earmarked for the life extension of St. Bees promenade project. Approval is also sought to transfer this from underspend in other capital projects. The additional funding is to cover the unexpectedly high tenders returned for the construction work and any unexpected problems that may arise during the construction phase.

## **1. INTRODUCTION**

### **1.1 CORROSION OF SHEET PILING AT ST. BEES PROMENADE**

The preferred option offered by WYG Engineering in their report about the corrosion of sheet piling along the north face of St. Bees promenade was to provide concrete facing with an integral channel for Rottington Beck. The report indicated that budget cost would be £57,000 ± 40%, giving an upper value of £80,000. As Copeland Borough Council did not have sufficient resources to project manage the project an additional £10,000 would be required for external project management.

The allocation of £90,000 for the project to extend the life of St. Bees Promenade was made at full Council on 2<sup>nd</sup> March 2010, through the approval of the 2010/2011 capital budget.

## 1.2 CONSULTANT'S CONTRACT TO PROJECT MANAGE THE LIFE EXTENSION OF ST. BEES PROMENADE

Capita Symonds was awarded the contract to project manage the life extension of St. Bees promenade. This included the design of the concrete facing, writing and evaluation of tenders and overseeing the construction phase. This contract was worth around £20,000 and so far additional work of over £1,000 has been undertaken.

## 1.3 CONSTRUCTION TENDER PRICES

Based on the best information available at the time, it was believed that tender values would fall in the £10,000 to £75,000 range. The Procurement Standing Orders would require a minimum of 3 invitations to tender, but a total of 5 Cumbrian based construction companies were invited in total.

The construction companies invited to tender were Mayson Bros Ltd, Shaw Plant, Stobbarts Limited, Storey Construction and Thomas Armstrong.

There are a number of uncertainties associated with the site that mean it is not possible to provide a fixed price contract, so tenders were submitted based on a schedule of rates. The main uncertainties are down to the site location, these being the lack of suitable geotechnical information, the dynamic nature of Rottington Beck and the sea and the affect that the weather has on these. Other uncertainties surround the amount of fill material that has been lost from behind the sheet piling that needs to be replaced with concrete and how the integral channel will tie into the existing watercourse.

## 1.4 SHORTFALL IN AVAILABLE FUNDING

Completed tenders were received back from Mayson Bros Ltd for £78,333 and Stobbarts Limited for £89,909, but the other companies had declined to tender.

After tender evaluation by Capita Symonds, which is based 60% on quality and 40% on cost, the recommendation was to appoint Stobbarts Limited.

The consultant's fees, including the additional expenditure so far identified, when added to the Stobbarts tender price totals £111,000, a shortfall of £21,000.

After consultation with Capita Symonds, it was recommended that a figure of £25,000 to £30,000 be added as a contingency.

## **1.5 APPOINTMENT OF CONTRACTOR**

Appointment of the successful contractor was delegated, to Head of Leisure and Environment Services in consultation with the Portfolio Holder and other posts, which have now combined into the role of Director for Corporate Resources and Transformation.

## **2. PROPOSALS**

### **2.1 TRANSFER OF UNDERSPENT CAPITAL FROM THE ADOPTION, CLEANSING AND SURVEYING OF SEWERS BUDGET TO COVER THE COST OF THE COST OF THE TENDER AND ANY CONTINGENCIES**

Since the 1<sup>st</sup> October 2011 the responsibility for majority of unadopted sewers in Copeland transferred to United Utilities. Subject to agreement with Home Group about wording contained within the housing stock transfer documentation, Copeland's responsibility for foul sewers will cease. Responsibility for surface water sewers that discharge directly into watercourses will remain with Copeland. The full extent of the residual sewers that remain Copeland's responsibility is not fully known, but the liability has been greatly reduced.

It is proposed that from this capital budget a sum of £49,500 is used to support the St. Bees promenade project. This will still leave a significant sum of capital to cover Copeland's residual sewer liability.

## **3. ALTERNATIVE OPTIONS TO BE CONSIDERED**

### **3.1 DON'T ALLOCATE ADDITIONAL FUNDING**

Should additional funding not be allocated at all, the project would have to be cancelled. Capita Symonds would still have to be paid for their work and there may be penalties for cancelling the project.

Ultimately if the work is not undertaken, there may be a partial collapse of the north face of St. Bees promenade. At a minimum, this would require the cordoning off the immediate area and possibly having to divert the public footpath that runs close by. However, there could be more serious affects, as it could cause a progressive promenade failure. Blockage of the surface water sewer outfall could cause flooding from this system.

### **3.2 ALLOCATION OF ADDITIONAL FUNDING FROM RESERVES**

An alternative to reallocating unspent capital from other projects is to allocate the funding from existing reserves. However, as the deadline for the next full meeting of Council has passed and the following full meeting is not scheduled until 23<sup>rd</sup> February 2012, this would further delay the project significantly.

### **3.3 ALLOCATION OF ADDITIONAL FUNDING FROM REVENUE BUDGETS**

Underspend in revenue budgets could be used to partially fund a capital project. However, the expected amount of money available from Flood and Coastal Defence / Environmental Health revenue budgets wouldn't cover the shortfall.

### **3.4 TRANSFER OF UNDERSPEND FROM OTHER CAPITAL BUDGETS**

Several capital projects in the 2010/2011 financial year have been running under budget. Some of this has been returned to reserves, but more is available and an alternative source of capital would be from these projects

### **3.5 ONLY TRANSFER SUFFICIENT CAPITAL TO COVER THE SHORTFALL IN CONTRACT AMOUNT**

Rather than provide additional funding to cover any contingencies as well as the tender cost, additional funding could be restricted to covering the shortfall on the tender only. This would have the advantage of not having to transfer money back if no contingencies arise on site.

This has a major drawback, in that if an unexpected problem does arise on site, work could not proceed until additional funding was allocated. As well as causing more delays, this could incur additional costs for the contractor, which would then be recovered off Copeland Borough Council.

Furthermore, if Mayson Bros Ltd were appointed, the shortfall would be significantly reduced. However, based on the tenders, this could compromise quality.

## **4. CONCLUSIONS**

### **4.1 TRANSFER OF UNDERSPENT CAPITAL FROM OTHER PROJECTS TO COVER THE COST OF THE CONTRACT**

The most suitable source of funding for the shortfall in the amount of capital allocated and that required is by transferring unspent capital from other capital projects.

### **4.2 TRANSFER OF ADDITIONAL CAPITAL TO COVER ANY CONTINGENCIES ON SITE DURING THE CONSTRUCTION PHASE**

In order that further unnecessary delays are not encountered, additional funding should be allocated to cover any unexpected contingencies that may arise on site.

## **5. STATUTORY OFFICER COMMENTS**

### **5.1 THE MONITORING OFFICER'S COMMENTS ARE:**

In respect of paragraph 3.1 and cancelling the project there is a risk that the consultant could claim up to £8,160 in respect of that part of their contract relating to construction supervision services which would not then be necessary. Other than that no legal issues arise

### **5.2 THE SECTION 151 OFFICER'S COMMENTS ARE:**

These comments have been included in the main body of the report

### **5.3 EIA COMMENTS ARE:**

An equality impact assessment has been undertaken and the proposal will have no impact on any of the groups.

### **5.4 OTHER CONSULTEE COMMENTS, IF ANY:**

## **6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

### **6.1 PROJECT MANGEMENT**

Capita Symonds has already been appointed to undertake the project management of the construction work as part of the existing contract.

### **6.2 RISK MANAGEMENT**

As part of their role Capita Symonds have already undertaken the design of the concrete facing and integral channel, which has already eliminated much of the risk.

## **7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**

### **7.1 SUCCESSFUL LIFE EXTESNION PROGRAMME OF ST. BEES PROMENADE**

Delivery of the project will ensure that the north face of the promenade will have a further 50 year lifespan. This will tie in with the expected life of the main section of the promenade and is in keeping with Shoreline Management Plan (SMP) policy.

## 7.2 COPELAND COASTAL INITIATIVE

The proposed work to St. Bees promenade fully fits in with the Copeland Coastal Initiative, the Council's own 5 year plan to promote and enhance the coast.

### **List of Appendices**

Appendix A – Photographs

Appendix B – Tender Evaluation Report (Capita Symonds)

### **List of Background Documents:**

Executive Report “St Bees Promenade” (October 2009)

## Appendix A – Photographs



General view of the sheet piling looking from the footbridge





Close up of the surface water sewer showing the worst of the corrosion



## Appendix B – Tender Evaluation Report (Capita Symonds)

### **COPELAND BOROUGH COUNCIL ENVIRONMENTAL HEALTH PROJECT 492 – ST BEES LIFE PROMENADE LIFE EXTENSION – CONSTRUCTION TENDER ASSESSMENT REPORT**

#### **1. INTRODUCTION**

- 1.1 The scheme relates to the construction of in-situ concrete wall to provide additional support and protection to St Bees Promenade at its northern terminus adjacent to Rottington Beck. The promenade in this area is currently supported by means of a steel sheet piling wall which is severely corroded.
- 1.2 As part of the scheme Rottington Beck will be channelized along the toe of the proposed wall and a training wall will be constructed to encourage the watercourse to flow through the channel.

#### **2. TENDER PROCESS**

- 2.1 The design and associated tender documents were produced by Capita Symonds.
- 2.2 The scheme was tendered on a quality/price basis with an associated ratio of 60:40. The quality element consisted of three questions relating to the following:
  - Approach – How the scheme would be planned, managed and executed; and any innovative ideas.
  - Experience – What experience the company has of delivering schemes of a similar nature.
  - Health and Safety – Evidence of the company's commitment to health and safety and, where applicable, how these will relate to the scheme.
- 2.3 The cost element consisted of an activity schedule to be priced by the tenderer.
- 2.4 Tenders were issued on Friday 14<sup>th</sup> October with a return date of Friday 28<sup>th</sup> October 2011 (a tender period of two weeks).
- 2.5 In total 5 contractors were invited to tender:
  - Mayson Bros Ltd
  - Shaw Plant

- Stobbarts Limited
  - Story Construction
  - Thomas Armstrong Construction
- 2.6 Following requests from two of the tenderers the tender period was extended by an additional week giving a revised return date of Friday 4<sup>th</sup> November
- 2.7 All contractors initially expressed an interest in submitting tenders however the following companies withdrew during the tender period:
- Thomas Armstrong Construction – withdrew 26 October stating other workload commitments
  - Shaw Plant – withdrew 1 November without stating a reason.
  - Story Construction – withdrew 2 November stating other workload commitments
- 2.8 Tenders were received from the following companies
- Mayson Bros Ltd
  - Stobbarts Limited
- 2.9 The quality and price submissions were then passed to Capita Symonds for assessment.

### 3 TENDER ASSESSMENT - QUALITY

- 3.1 In accordance with the Instructions for Tenderers the quality submissions were assessed first. This was carried out by two Capita Symonds staff working independently who then met to agree final quality scores.
- 3.2 The agreed scores are shown in the following table which also shows the weighting associated with each of the three quality questions

TENDERER: MAYSON BROS LTD				
ASSESSORS: RICHARD GODDEN AND WILL SUTHERLAND				
SECTION No.	QUALITY ASPECTS	ASPECT WEIGHTING (A)	MARKS AWARDED (B)	WEIGHTED MARKS (A x B)

(i)	Approach	40%	5.5	220
(ii)	Experience	30%	3.0	90
(iii)	Health and Safety	30%	4.0	120
	<b>Total Weighted Quality Mark (TWQM)</b>	<b>100%</b>		<b>430</b>

<b>TENDERER: STOBARTS LIMITED</b> <b>ASSESSORS: RICHARD GODDEN AND WILL SUTHERLAND</b>				
SECTION No.	QUALITY ASPECTS	ASPECT WEIGHTING (A)	MARKS AWARDED (B)	WEIGHTED MARKS (AxB)
(i)	Approach	40%	7.0	280
(ii)	Experience	30%	4.0	120
(iii)	Health and Safety	30%	6.0	180
	<b>Total Weighted Quality Mark (TWQM)</b>	<b>100%</b>		<b>580</b>

3.3 The company with the highest weighted mark was given a final quality score of 100. The final quality score for the company with the lower mark was calculated as a percentage of the higher mark as follows.

- Stobart Ltd had a higher total weighted mark of 580 and were given a final quality score of 100.
- Mayson Brothers Ltd had a lower weighted mark of 430. Their final quality score was therefore 430 as a percentage of 580 i.e.

$$430/580 \times 100 = 74.1$$

#### 4 TENDER ASSESSMENT – PRICE

4.1 Based on the priced activity schedules the total costs submitted by the two tenders are as follows:

- Mayson Brothers Ltd: £78,333
- Stobart Ltd: £89,909

4.2 For assessment purposes the lowest tender value is awarded a total financial score of 100. The financial score for the other tenderer is based on the difference between their tender and the lowest tender value. Starting from 100 their score is reduced by 2 marks for every percentage point by which their tender value exceeds the lower value.

- Mayson Brothers Ltd had a lower tender value and were given a final financial score of 100.
- Stobart Ltd had a higher tender value and their financial score was calculated as follows:

Difference between the two tender values  $89909 - 78333 = 11576$

As a percentage of the lowest value this equates to 14.8%

The final financial score is calculated as  $100 - (14.8 \times 2) = 70.4$

## **5 COMBINED QUALITY AND FINANCIAL SCORES**

- 5.1 The quality/price ratio for the tender was 60:40. Therefore the final score is 60% of the quality score plus 40% of the financial score.

1	2	3	4	5	6	7
Tenderer	Quality Score	60% of (2)	Tender Sum	Financial Score	40% of (5)	Combined Score (3) + (6)
Mayson Brothers	74.1	44.5	£78,333	100.0	40.0	84.5
Stobbarts	100.0	60.0	£89,909	70.4	28.2	88.2

## **6 CONCLUSIONS**

- 6.1 Although the tender price submitted by Stobbart Ltd was higher than that submitted by Mayson Brothers Ltd their quality submission was significantly better. The combined score places Stobbart Ltd ahead of Mayson Brothers Ltd
- 6.2 It should also be noted that, based on the information provided, the safety record of Mayson Brothers Ltd is significantly worse than that of Stobbarts Limited. Mayson Brothers average one major RIDDOR injury for each of the last five years, and their frequency rate and incident rates are approximately 10 times higher than Stobbarts Limited.
- 6.3 Having assessed both submissions in accordance with the Instructions For Tenderers included with the original tender documents it is recommended that the contract be awarded to:

Stobbarts Limited.

Tarn Howe, Lakes Road, Workington, Cumbria, CA14 3YP

Tel: 01900 870780 / Fax: 01900 604987