

## Procurement Note (Phase 1)

**Project: Littlehampton Town Centre Improvements**

**Date: 12 November 2021**

### 01 Introduction

The following procurement note has been prepared on behalf of Arun District Council (ADC) in relation to Littlehampton Town Centre Improvements scheme that consists of regeneration to public realm areas in the Littlehampton town centre.

The aim of the Improvements is to improve the appearance of the town centre and surrounding public spaces, whilst increasing foot fall and trade to local businesses. The scheme consists of three phases:

Phase 1 (Terminus Road from the railway station to Arundel Road roundabout / The High Street).

Phase 2 (The High Street, east to west, vehicular and pedestrian sections).

Phase 3 (Beech Road, north to south, ending at the War Memorial roundabout).

This report summarises the tender process and evaluation of the two-stage tender relating to the provision of pre-contract design and construction for phases 2 & 3 and analyses the advantages of instructing the phase 1 construction as a compensation event (variation) to the Phase 2 and 3 contract.

### 02 Original Tender Exercise

The design and construction of Phases 2 and 3 were procured through a competitive two-stage design and build procurement route using NEC4 forms of contract. Included within this procurement exercise was the design only for Phase 1 (up to RIBA Stage 4). During the first stage of this tender process, the competitively tendering contractors were asked to price the following:

- Overheads and profits (oh&p);
- Project preliminaries;
- Surveys;
- The design of phases 1, 2 and 3;
- Construction design fees;
- 5Nr key paving type items that made up 50% of the construction costs.

The paving costs were obtained as these works could be undertaken direct by the contractors (instead of via subcontractors) and to give an element of overall contract sum cost certainly within the first stage tender returns. Whilst these rates would vary in accordance with further design and inflation, they nevertheless would form the basis of subsequent cost build ups for the paving rates.

As well as the cost component of the tender there was a quality questionnaire that accounted for 25% of the tender evaluation.

The contract for the works was awarded to Edburton Contractors Ltd for the following reasons:

- Their quality score of 80/100 at PQQ Stage 1 was the highest;
- Their anticipated tender sum after normalisation was the lowest and thus offered the best value.

### 03 Evaluation of Edburton Phase 2 and 3 Submission

Following the completion of RIBA Stage 3 and 4 design, Faithful+Gould (F+G) have reviewed the second stage tender submitted by Edburton, and agreed the contract sum for the Phase 2 and 3 construction works. These costs have been assessed to be in accordance with the competitively tendered rates from the first stage tender (see section 02) suitably adjusted for changes in programme duration (preliminaries), inflation to paving costs, and with subcontractor packages competitively tendered and with the agreed oh&p rate then applied to the selected packages.

### 04 Phase 1 Procurement Strategy

Primary options for main contractor procurement:

1. Competitive single stage tender and appointment under NEC4 contract;
2. Instruct as a compensation event (variation) under the Phase 2 and 3 NEC4 contract (construction works).

After review, it has been assessed that the best approach for ADC to procuring a main contractor for the construction of the phase 1 works, would be to instruct the work as a compensation event to the Phase 2 and 3 NEC4 contract.

The following advantages have been identified from this procurement route:

- Time and cost involved in not having to retender the phase, to carry out a further competitive tender exercise;
- Continuity of design work by using the same contractor and design team (for detailed site design);
- Edburton are already familiar with the project requirement and have performed well in the PSC phase of the project;
- Efficiencies in carrying out the works (shorter programme) as the commencement of phase 1 will be concurrent with the final 3 months of the construction period of phases 2 & 3. This will also result in site set up cost efficiencies (use of existing site set up);
- Costs will be based on those agreed for Phase 2 and 3 construction, which are based on the stage 1 competitively tendered rates. Adjustments will be made as required for inflation, quantities and scope. Any packages will be competitively tendered (3 quotes) and benchmarked likewise with the Phase 2 and 3 tendered packages, before the addition of main contractor oh&p;
- Cost benefit of managing a single contractor on site (if works were to overlap on site);
- There is a risk of material prices increasing further, however by instructing the works through the existing phase 2 & 3 contract Edburton will be able procure materials sooner helping to mitigate this risk;
- Lack of interest in the market due to location of the scheme as felt during original tendering and strong current market conditions with contractors being selective over tendering opportunities;

## 05 Evaluation of Edburton Phase 1 Submission

At the request of ADC, Edburton have issued to F+G a Phase 1 initial cost submission / estimate and after review, this has been used by F+G to develop a Phase 1 construction works cost estimate (Appendix 1).

Edburton have generally completed the detailed (RIBA Stage 4) design of Phase 1, with just consultations with Network Rail on the works to the Littlehampton railway station to be concluded. Once these and the design are finalised, Edburton would be able to submit to ADC a proposed contract sum and cost build up for review and agreement for the Phase 1 construction works.

The total construction cost of Phase 1 is expected to around 27% of the total construction cost of Phases 2 & 3.

If it is decided to instruct the phase 1 works as variation to the current contract, F+G will carry out analysis and bench marking exercises on the Edburton Final Phase 1 cost submission to ensure value for money.

## 06 Programme

Phase 2 and 3 Construction Programme

- Start - 10/01/2022
- Completion – 19/12/2022
- Sections 1, 2 and 3 completion 07/10/2022

Phase 1 Approximate Construction Programme (8 months, including a 2 week Christmas shut down)

- Start - 10/10/2022
- Completion – 30/06/2022

# Appendix 1

## Phase 1 Cost estimate

# Littlehampton Town Centre Improvements - Terminus Road

## Scheme Budget Estimate

NB: ALL RATES ARE INCLUSIVE OF OH&P

Item	200 Series - Site Clearance	Quantity	Unit	Rate	Amount	F+G Comments & Notes
200/01	Site Clearance General	3100	m2	£1.00	£ 3,100.00	
200/02	Take up or down and Remove to Contractors tip off site precast concrete kerbs (Any Type) including all concrete bedding and backing	400	m2	£12.00	£ 4,800.00	
200/03	Take up or down and Remove to Contractors tip existing surfaces	1300	m	£6.00	£ 7,800.00	
200/04	Take up or down and Remove existing street furniture	1	item	£5,000.00	£ 5,000.00	
<b>200 Series Value</b>					<b>£ 20,700.00</b>	
Item	300 Series - Street Furniture	Quantity	Unit	Rate	Amount	
300/01	Cycle Stands	15	no	£500.00	£ 7,500.00	Rates updated as per Ed Burtons latest submission
300/02	Bins	4	no	3425.41	£ 13,701.64	Rates updated as per Ed Burtons latest submission
300/03	Benches	3	no	£4,000.00	£ 12,000.00	Rates updated as per Ed Burtons latest submission
300/04	Wayfinding	1	Item	£4,000.00	£ 4,000.00	Rates updated as per Ed Burtons latest submission
<b>300 Series Value</b>					<b>£ 37,201.64</b>	
Item	500 Series - Drainage	Quantity	Unit	Rate	Amount	
500/01	Allowance for Drainage	1	Item	£20,000.00	£ 20,000.00	
<b>500 Series Value</b>					<b>£ 20,000.00</b>	
Item	700 Series - Carriageway Works	Quantity	Unit	Rate	Amount	
700/01	Paving / Surface Type 03; Dark grey asphalt, based upon 60mm binder and 50mm surface	1650	m3	£40.00	£ 66,000.00	Rates updated as per Ed Burtons latest submission
700/02	Paving / Surface Type 03; Buff asphalt, based upon 60mm binder and 50mm surface courses	90	m2	£100.00	£ 9,000.00	Rates updated as per Ed Burtons latest submission
<b>700 Series Value</b>					<b>£ 75,000.00</b>	
Item	1100 Series - Footways and Paved Areas (Including	Quantity	Unit	Rate	Amount	
1100/01	Footway comprising of 80mm Kellen Mix 2A on flexibale base	1100	m2	189.45	£ 208,395.00	Rates updated as per Ed Burtons latest submission
1100/02	Footway comprising of 80mm Kellen Mix 2A on flexibale base (X overs)	150	m2	296.61	£ 44,491.50	Rates updated as per Ed Burtons latest submission
1100/03	Footway comprising tactile paving	40	m2	192.42	£ 7,696.80	Rates updated as per Ed Burtons latest submission
1100/04	Precast concrete Conservation Kerb	400	m	100.22	£ 40,088.00	Rates updated as per Ed Burtons latest submission
1100/05	Precast concrete Conservation Channel	30	m	£80.00	£ 2,400.00	
<b>1100 Series Value</b>					<b>£ 303,071.30</b>	
Item	1200 Series - Road Signs and Markings	Quantity	Unit	Rate	Amount	
1200/01	Provisional Sum for Road Markings	1	sum	5000	£ 5,000.00	Rates updated as per Ed Burtons latest submission
1200/02	Provisional Sum for Traffic Signs	1	sum	10000	£ 10,000.00	Rates updated as per Ed Burtons latest submission
<b>1200 Series Value</b>					<b>£ 15,000.00</b>	
Item	1300 Series - Street Lighting and CCTV	Quantity	Unit	Rate	Amount	
1300/01	New Lighting Columns	8	no	£3,000.00	£ 24,000.00	
<b>1300 Series Value</b>					<b>£ 24,000.00</b>	
Item	1400 Series - Electrical Works	Quantity	Unit	Rate	Amount	
1400/01	Sum for Electrical works and Connections	1	Item	£10,000.00	£ 10,000.00	
<b>1400 Series Value</b>					<b>£ 10,000.00</b>	
Item	3000 Series - Soft Landscaping	Quantity	Unit	Rate	Amount	
3000/01	Trees and pits	4	no	3500	£ 14,000.00	Rates updated as per Ed Burtons latest submission
<b>3000 Series Total</b>					<b>£ 14,000.00</b>	
<b>Construction Sub Total #1</b>					<b>£ 518,972.94</b>	
<b>Unmeasured Items @ 5%</b>					<b>£ 25,948.65</b>	
<b>Construction Sub Total #2</b>					<b>£ 544,921.59</b>	
Item	100 Series - Preliminaries	Quantity	Unit	Rate	Amount	
100/01	Site Management	1	%	15.00%	£ 81,738.24	
100/02	Site Accommodation and Welfare including establish maintain and demobilise	1	Item	70,898.43	£ 70,898.43	
100/03	Traffic and Pedestrian Management	1	%	1.00%	£ 5,449.22	
100/04	Traffic Diversions	1	%	3.00%	£ 16,347.65	Have increased from 1% to 3% as may be more Traffic Diversions in this phase of the works
100/05	Site Hoardings and Fencing	1	%	1.00%	£ 5,449.22	
<b>100 Series Value</b>					<b>£ 179,882.75</b>	
<b>CONSTRUCTION TOTAL</b>					<b>£ 724,804.34</b>	

# Littlehampton Town Centre Improvements - Terminus Road

## Scheme Budget Estimate

Item	Other Project Costs - Scheme Related	Amount
OPC/01	Allowance Service Diversion	£ 25,000.00
OPC/02	SSE Lighting approvals / supervision	£ 2,000.00
OPC/03	Pre commencement Trail Hole Investigations	£ 2,500.00
OPC/04	Addition Site Surveys Required	£ 10,000.00
OPC/05	Legal Agreements With Network Rail	£ 100,000.00
OPC/06	Drainage Repair	£ 3,500.00
<b>Other Project Costs Sub Total</b>		<b>£ 143,000.00</b>
Item	Professional Fees	Amount
FEE/01	Preliminary and Detailed Design	£ 35,000.00
FEE/02	Construction Supervision and PM	£ 65,000.00
FEE/03	ADC Internal PM Fees during Construction	£ 50,000.00
FEE/04	WSCC Highway s38/278 Fees	£ 30,000.00
FEE/05	TRO Fees	£ 5,000.00
<b>Professional Fees Sub Total</b>		<b>£ 185,000.00</b>
<b>OTH</b>		<b>£ 328,000.00</b>
<b>SCHEME COST ESTIMATE</b>		<b>£ 1,052,804.34</b>
INFLATION ALLOWANCE @ 4.0% (assumed Q4 2022)		£ 42,112.17
RISK ALLOWANCE @ 5%		£ 52,640.22
OPTIMISM BIAS @ 5%		£ 52,640.22
ADDIT CONTINGENCY @ 5%		£ 52,640.22
<b>GRAND TOTAL</b>		<b>£ 1,252,837.16</b>

## Appendix 2

# Cash Flow Forecast

**Project Title: Littlehampton Town Centre Improvements - Terminus Road Phase 1**

**Date: November 2021**

**INDICATIVE CASHFLOW FORECAST**

<b>£724,804</b>	Revised Contract Sum
<b>3%</b>	Retention %
<b>01/10/2022</b>	Date of Possession
<b>12</b>	Contract Period
<b>01/10/2023</b>	Date for Completion
<b>12</b>	Defects Period

Note	*1 - Inclusive of £300,000	Advance payment for key paving materials
	*12 - Inclusive of £10,872	for 1st release of retention
	*24 - Inclusive of £10,872	for final release of retention

No.	*1	2	3	4	5	6	7	8	9	10	11	12*
Month	01/07/22	01/08/22	01/09/22	01/10/22	01/11/22	01/12/22	01/01/23	01/02/23	01/03/23	01/04/23	01/05/23	01/06/23
Valuation Cumulative (Gross)	£300,000			£328,000	£375,000	£434,000	£500,000	£567,000	£628,000	£679,000	£713,000	£724,804
Retention	£9,000			£9,840	£11,250	£13,020	£15,000	£17,010	£18,840	£20,370	£21,390	£10,872
Valuation Cumulative (Net)	£291,000			£318,160	£363,750	£420,980	£485,000	£549,990	£609,160	£658,630	£691,610	£713,932
Monthly Payment (Net)	£291,000			£27,160	£45,590	£57,230	£64,020	£64,990	£59,170	£49,470	£32,980	£22,322

No.	13	14	15	16	17	18	19	20	21	22	23	24*
Month	01/07/23	01/08/23	01/09/23	01/10/23	01/11/23	01/12/23	01/01/24	01/02/24	01/03/24	01/04/24	01/05/24	01/06/24
Valuation Cumulative (Gross)												£724,804
Retention												
Valuation Cumulative (Net)												£724,804
Monthly Payment (Net)												£10,872

No.	25	26	*27	28	29	30	31	32	33	34	35	36
Month	01/07/24	01/08/24										
Valuation Cumulative (Gross)												
Retention												
Valuation Cumulative (Net)												
Monthly Payment (Net)												