

Ipswich Central

Strategic Procurement Plan: SP 5 Nicholas Street & Union Place – Landscaping and Services completion works

18th February 2019



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1. OBJECTIVES:

The objectives of this Strategic Procurement Plan (SPP) are that the procurement process should address the following;

OBJECTIVES	
1	Complies with the procurement requirements of the Local Government Act
2	Utilises the investment made to date in the previous tender processes where appropriate.
3	The Ipswich Central redevelopment should proceed in a timely manner with continuity of works
4	Key risks associated with the tender scope are identified and mitigated
5	Opportunities are considered which may provide benefit to the Council through the scope of the proposed services.

2. HOW WILL OBJECTIVES BE ACHIEVED

The objectives identified for the SPP in section 1 will be achieved by the actions detailed in the following table;

	OBJECTIVE	ACHIEVED BY
1	Complies with the procurement requirements of the Local Government Act	Comply with the five (5) principles as laid down in Section 104(3) - Sound Contracting Principles, of the <i>Local Government Act 2009</i> , namely: <ol style="list-style-type: none"> I. Value for Money II. Open and effective competition III. The development of competitive local business and industry IV. Environmental protection V. Ethical behavior and fair dealing
2	Utilises the investment made to date in the previous tender processes where appropriate.	Consider options which utilise and protect the significant investment made to date in the planning, design and documentation involved to date and analyses associated risks / opportunities.
3	The Ipswich Central redevelopment should proceed in a timely manner with continuity of works	Following significant program delays and loss of confidence, provide continuity of services to ensure that the program of works has the opportunity to be delivered in the most advantageous timeframe
4	Key risks associated with the tender scope are identified and mitigated	Identify key risks and review mitigating strategies
5	Opportunities are considered which may provide benefit to the Council through the scope of the proposed services.	Consider delivery strategy for Ipswich Central to ensure most efficient and effective provision of services for Council.

3. HOW WILL ACHIEVEMENTS BE MEASURED

The following table details the measurements required to confirm objectives are achieved:

	OBJECTIVE ACHIEVED BY	MEASUREMENT
1	Comply with the five (5) principles as laid down in Section 104(3) - Sound Contracting Principles, of the <i>Local Government Act 2009</i> , namely:	
	I. Value for Money	Requirement for competitive tenders or quotes to be provided for all services where possible. and review against pre-tender estimate from independent quantity surveyor
	II. Open and effective competition	Comparison against original competitive tendered rates, and sourcing of competitive quotations for provisional sum works
	III. The development of competitive local business and industry	Local industry involvement to be included in procurement and assessment and measured and reported during construction
	IV. Environmental protection	Environmental Plans to be included in tender assessment
	V. Ethical behavior and fair dealing	Processes and correspondence to be fully documented and auditable.
2	Consider options which utilise and protect the significant investment made to date in the planning, design and documentation tender process and tenderers involved to date and analyse associated risks / opportunities.	Alternative procurement options to be identified and assessed
3	Following significant program delays and loss of confidence, provide continuity of services to ensure that the program of works has the opportunity to be delivered in the most advantageous timeframe	Compare delivery timeframes for procurement options
4	Identify key risks and review mitigating strategies	Independent quantity surveyor report including key risks
5	Consider delivery strategy for Ipswich Central to ensure most efficient and effective provision of services for Council.	Options considered to include review of packaging and scope of works

4. OPTION IDENTIFICATION & ANALYSIS:

Ipswich City Council (ICC) called open public tenders for the Design and Construction of Nicholas Street and Union Place in April 2018. JMAC Constructions (JMAC) was successful and was appointed as the Principal Contractor in November 2018. The scope of works awarded under the contract included for the full design of all works within Nicholas Street and Union Place, but construction of part only of the full scope of works. The remaining scope of construction works (“Remainder Works”), which includes the completion of all construction works above pavement level, was to be awarded as a separate contract following the completion of JMAC’s contract.

As part of the tender process currently underway for the Administration Building, Library, Civic Space and Carpark refurbishment works (Main Contract), a Separable Portion (SP5) has been included for the completion of the Remainder Works. The Remainder Works has been included in the current tender for the Main Contract as a provisional sum.

With consideration of the objectives of this plan and the current status of the design and progress of works, the following options have been identified for the delivery of the Remainder Works and analysed as follows.

Options	Description	Outcome
1	Remainder Works are delivered by the Main Contractor	<ul style="list-style-type: none"> • Tender documents currently includes a provisional sum allowance based on the RLB cost plan. • Lump Sum pricing by the Tenderer will be priced under the Provisional sum following the completion of the design by JMAC • The Tenderer’s access to commence works would be impacted by the completion of the JMAC contract works.
2	Remainder Works are delivered by JMAC as a variation to their existing Contract	<ul style="list-style-type: none"> • JMAC provide a Lump Sum Variation price, with provisional sum allowances based on their current design status. • JMAC progress with works as part of their contract with no access delays or coordination requirements with other contractors. • SP5 works removed from the Main Contract scope.

ICC therefore have the option to continue the tender process and award a construction contract for the Main Contract including Remainder Works, or consider deleting the Remainder Works from the Main Contract and completing the works by variation to the current D&C mall contractor in JMAC.

Option Analysis:

To properly analyse these options the following items have been identified for further consideration and resolution.

Criteria	Comment
Project delivery timing	Review of the impact on the delivery timing of the SP5 works
Probity issues	Are there any probity considerations or issues with the proposed options?
Interface and Coordination risks	What are relative risks / opportunities for the options relating to the interfaces between different contractors?
Economies of scale	Are there opportunities for cost efficiencies and potential economies of scale from the options?
Administrative efficiencies	Are there administrative benefits from options?
Value of additional / reduced work	If additional / reduced scope is included in the works will the change in value have an impact on the current tenderers?
Exposure to tendering costs	Do any of the options risk payment of tendering costs?
The current tendering market	Has the tendering market changed, potentially requiring a different approach to be considered?

Option	Advantages	Disadvantages	Risks
1	<ul style="list-style-type: none"> Maintains current tendering process under the Main Contract No exposure to tendering costs No Probity issues 	<ul style="list-style-type: none"> Tenders price will be a provisional sum and not finalized until JMAC design works are finalised. The price will then need to be negotiated or valued under the Provisional Sum either post award or during the Tender evaluation period. The Main Contract's access to complete the Remainder Works will either be delayed until JMAC's current contract works are complete or access will need to be coordinated with JMAC. This has potential to delay commencement and / or increase construction durations. The Main Contractor will be working from documentation developed under JMAC's D&C contract. Any issues with the design raised by the Main Contractor will need to be coordinated through the Superintendent with the JMAC design consultants. Public access to completed facilities delayed due to later start on works. 	<ul style="list-style-type: none"> Extended contract durations duration due to coordination and access requirements Resolution of Design documentation issues. No guarantee that final agreed variation for the works will be less than the allowed Provisional Sum amount.

2	<ul style="list-style-type: none"> • Reduced construction duration as JMAC are able to schedule the remaining works within their own construction program. • Provides earliest completion dates and public access to completed facilities. • No exposure to tendering costs • Maximises savings from economies of scale by combining the additional scope into JMAC contract reducing preliminary costs • JMAC are able to provide Lump sum price for the works immediately, with provisional sum allowances for a smaller value than in Option1 • Minimises interface and demarcation issues • JMAC as the D&C Contractor will be responsible for resolution of design documentation issues. • The works are currently nominated in the Main Contract as a provisional sum and can be easily removed from that contract scope. 	<ul style="list-style-type: none"> • Perception related to previous agreements 	<ul style="list-style-type: none"> • Probity surrounding tender process given the value of the works and that they would be awarded as a variation to an existing contract. • Justification of evidencing value for money. Price review by and against independent QS cost plan. • Part of the scope of works still remain a provisional sum cost as the design is not complete.
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Regardless of which option is taken, the price for the Remainder Works will be validated by a Quantity Surveyor.

5. SUMMARY

Subject to an ICC approval, then Option 2 would appear to be the most advantageous approach, because it provides the shortest project timeframe, provides opportunity for savings through economies of scale with JMAC and mitigates interface risks both on site and with design documentation.