

COMMERCIAL CASE: PROCUREMENT & EQUIPPING

APPENDIX 52 – PROCUREMENT PROCESS

Construction

The Trust has engaged extensively with its PSCP (Laing O'Rourke) to develop the design process to RIBA stage D and working with the QS and CC, Turner and Townsend to develop a thorough and robust Procurement strategy. The construction appendices been developed and produced by Turner and Townsend in conjunction with Laing O'Rourke to highlight the process that will be followed.

THE PROCUREMENT PROCESS

Laing O'Rourke use vigorous processes and procedures which link each individual functional discipline to a number of key roles and responsibilities. The importance of procurement cannot be underestimated and the input from the entire project team is fundamental to ensure that best value is obtained for the Trust during the market testing phase of the project. Each package will be assessed on its own individual merits in order to agree a specific procurement strategy this will be led by the Laing O'Rourke Procurement Leader Nick Kennedy. However, members of the Laing O'Rourke, Trust and Design Team will be actively involved in contributing to this process.

This is demonstrated in the package detail responsibilities matrix shown below.

| | Laing O'Rourke Team | | | | | | | Trust & Design Team | | | | | | |
|--|---------------------|----------------|--------------------|---------|---------|---------|---------|---------------------|-----------------|-----------|--------------|---------------------|-----------------|-----------------|
| | Procurement | Project Leader | Commercial Manager | Manager | MEP Mgr | Planner | H&S Mgr | Trust | Project Manager | Architect | MEP Engineer | Structural Engineer | Façade Engineer | Cost Consultant |
|  = Leads Activity  = Contributes to / approves activity | | | | | | | | | | | | | | |
| Bid Lists | | | | | | | | | | | | | | |
| Agree Package Strategies | | | | | | | | | | | | | | |
| Scope of Works | | | | | | | | | | | | | | |
| Agree S/C Design Responsibilities | | | | | | | | | | | | | | |
| Attendances | | | | | | | | | | | | | | |
| Tender Design Information (Drawings, Specifications & Reports) | | | | | | | | | | | | | | |
| Programme Information | | | | | | | | | | | | | | |
| Site Specifics | | | | | | | | | | | | | | |
| Buildability Review | | | | | | | | | | | | | | |
| Pricing Schedule | | | | | | | | | | | | | | |
| Commercial Requirements | | | | | | | | | | | | | | |
| Risk Review | | | | | | | | | | | | | | |
| Quality Requirements | | | | | | | | | | | | | | |
| Matters Relating to H&S | | | | | | | | | | | | | | |
| Local Opportunities | | | | | | | | | | | | | | |

The procurement process for the market testing phase of the project is described below.
To be read in conjunction with Appendix C – Brighton 3Ts Procurement Process Map

Gateway 1: Pre-Qualification

Tender list selection including assuring capability and capacity

We will engage with specialist Sub-contractors and Suppliers who share our values and behaviours and can demonstrate their compliance with our high performance standards, particularly in regard to safety, quality, cost, programme delivery, innovation and environment. All parties will be encouraged to contribute to a tender long-list.

Laing O'Rourke will then invite the companies on the long-list to prequalify in accordance with the agreed process. All prequalification returns will be managed by Laing O'Rourke and will be reviewed and rationalised into an agreed list for tender, which will then be issued to the Trust's Project Manager/Cost Advisor for review and if necessary provide comments.

Sub-contractors and Suppliers will be vetted against relevant criteria including capability, experience, insurances, tax details, financial stability, previous performance and health, safety and environmental accreditation. The process will:

Ensure transparency and verify financial stability, availability and sustainability of each Sub-contractor and Supplier through our procurement processes

Ensure that Suppliers are competent and adequately resourced for compliance with the CDM Regulations, and to meet Trust standards and our own best practice standards

Ensure that local and/or new companies have the opportunity to tender for project packages and that contract terms are appropriate, including the evaluation and verification as to suitability and continuity of supply through the project lifecycle.

Gateway 2: Market Testing

Package Strategy

The Project Team will meet regularly to agree strategy, hold workshops on works package considerations and formulate package tender documents.

We will define proposals to ensure each package is tendered to the most suitable Sub-contractor or Supplier in accordance with the project's specific requirements. Each package strategy meeting will specifically address the procurement influences such as scope, programme, market conditions and capacity, collaboration requirements and benefits, proposed bidders and selection criteria. It will recognise programme constraints that force immediate appointment upon award, it will identify the level of project risk in the event of Sub-contractor insolvency and mitigations appropriate to the package such as vetting, vesting and alternative providers.

A key factor in achieving clear, robust and well defined Subcontract packages will be the approach and the tools employed to manage and record the information used to form the basis of each subcontract package. Prior to the issue of any Invitations to Tender a Package Sheet will be completed by the Project Team for each individual trade package and issued to the Project Leader for agreement and approval.

Each package sheet will contain the following information: -

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| Package number |
| Package name |
| Cost plan allowance / package budget |
| Package strategic issues |
| Scope of works |
| Design responsibilities |
| Package specific schedule of attendances |
| List of drawings |
| List of specifications |
| Programme information |

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|--|
| Pricing schedule notes |
| Commercial requirements |
| Quality requirements |
| Package specific health and safety issues |
| Local opportunities |
| Tender deliverables |
| Other details |
| Project team commitment and agreement to the package sheet information |

Each individual Package Sheet will be issued to the project team not less than 7 days prior to the issue of the relevant Invitation to Tender to provide the opportunity for any comments and amendments to be incorporated. Laing O'Rourke will retain a copy of the Package Sheet throughout the market testing period so any subsequent changes and amendments to individual packages can be clearly monitored and recorded.

The Invitation to Tender will be to a minimum of 3 (maximum of 6) agreed pre-qualified Sub-contractors and include design information for the Sub-Contractors to provide a lump sum price. Invitations will be on the basis of a specification and drawings basis against an agreed scope of works or a detailed bill of quantities.

The Procurement Package Strategy Schedule and Package Sheet of this procurement strategy provide a summary of:-

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| The applicable procurement route for each package |
| Any potential Laing O'Rourke in house opportunities being considered |
| Intended basis for each tender price i.e. specifications & drawings or Bills of Quantities |
| Overview of package design responsibilities |
| Retention requirements for each package |
| Warranty requirements for each package |

Stage D Design Information Packages

An Invitation to Tender will be issued to the shortlisted Sub-contractors who will be invited to provide a tender submission to satisfy the following deliverables:-

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| Submit tender for the trade package based upon the Stage D design information including; |
| A lump sum cost for the identified scope of works |
| A lump sum for all necessary preliminaries to deliver the works |
| A lump sum for design fees required to provide the advice needed to deliver the overall trade package design. |
| A lump sum that identifies all the package risks that require incorporation to achieve a not to be exceeded GMP. |
| A fixed lump sum for the OH&P required for the construction phase of the project. |
| Provide details of the anticipated programme duration for the construction phase of the project and confirmation that this will fit seamlessly into the Laing O'Rourke proposed construction programme |
| Demonstrate abilities in design management to co-ordinate the works and the interfaces with other trades. |
| Provide details of previous experience of working with NHS Trusts and their facilities management teams |

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| Provide details of the experience and calibre of people to be employed for both the preconstruction and construction phases of the project. Provide details of previous experience and approach to commissioning of the works on site. |
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Stage E Design Information

When the Stage E design information is available from the design team the relevant information will be forwarded to the proposed Sub-contractors for them to review and provide a fixed lump sum for the project. This will include all the above details or confirmation that the details submitted as part of their Stage D offer remain unchanged:

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| A lump sum cost for the identified scope of works |
| A lump sum for all necessary preliminaries to deliver the works |
| A lump sum for design fees required to provide the advice needed to deliver the overall trade package design. |
| A fixed lump sum for the OH&P required for the construction phase of the project. |
| Provide details of the anticipated programme duration for the construction phase of the project and confirmation that this will fit seamlessly into the Laing O'Rourke proposed construction programme |
| Demonstrate abilities in design management to co-ordinate the works and the interfaces with other trades. |
| Provide details of previous experience of working with NHS Trusts and their facilities management teams |
| Provide details of the experience and calibre of people to be employed for both the preconstruction and construction phases of the project |

Tendering and Evaluation

Tender stage

Shortlisted Sub-contractors and Suppliers will be invited to tender using the Asite Tender Manager application, based on pre-determined quality and price criteria appropriate to individual packages for supply only or supply and installation work. Mid tender review meetings will be held as agreed with the project team. Any tender questions will be submitted electronically by the tenderer and these will be distributed to relevant parties within the project team for response. Responses to tender queries will be distributed to all tenderers, unless commercially sensitive or confidential or where the tenderer specifically asks for their question to be treated in confidence. Sub-contractor and Supplier tender returns will be submitted electronically via the Asite Tender application, this will allow electronic sealed tender openings. Only members of the Project Team who have been granted access will be able to view the tender returns.

ASITE Tender Manager

Laing O'Rourke would like to propose the use of Asite Tender Manager to electronically manage the market testing exercise.

Asite Tender Manager simplifies communications between Laing O'Rourke, the Design Team and tenderers to ensure consistent information is sent to all. You can also control the format of submissions to speed up the evaluation process and ensure a level playing field.

Tender Manager allows you to securely invite multiple bidding organisations into an Asite Workspace to simply conduct a competitive tender.

We can allow tenderers access to a Tender Document Set and communicate with the bidders to answer queries and notify bidders of clarifications. The powerful audit trail means that we can be sure that the tenderers have received our communications, and the inbuilt security means that we don't have to worry about BCCing tenderers into e-mails any more. By managing our market testing exercise through one consistent tool we also get the added bonus of a clear log of all of the communications making it easy to see that you have treated each tenderer in the same manner.

We can use Asite Appbuilder to customise the bid return Form of Tender our tenderers will submit. We can specify exact information you require the tenderer to provide, and quickly and easily change this on a tender-by-tender basis. As we control the format of the information coming back from the tenderers, it makes evaluation far easier; saving further time and effort.

Asite Tender Manager handles the complete tender process. It helps us save time and money by reducing the effort required to run our tender and ensures submissions are in a format we can easily assess.

We reserve the right to use traditional tender methods such as hard copy or electronic via e-mail / CD dependant on particular package requirements.

Package evaluation

Tenders will be evaluated in an open book environment in accordance with the pre-determined criteria. Relevant members of the Project Team, including the Trust's project manager, will review elements of each tender. Post-tender meetings will be arranged by Laing O'Rourke to thoroughly understand each tender. Once a range of compliant tenders have been established and an appropriate package sum is negotiated, Laing O'Rourke will issue to the Trust's Project Manager/Cost Advisor a LOR Cost Recommendation. An appointment recommendation report will then be produced for sign off by Trust's Project Manager/Cost Advisor as agreeing the package sum, which will then be incorporated into the GMP.

Gateway 3: GMP

The GMP will be evaluated in terms of risk profile. Market testing alone will not necessarily identify all costs associated with interfaces and or design development. Laing O'Rourke will use of expertise and experience of delivering world class healthcare buildings in order to ensure that the GMP includes a robust allowance to deliver the Trust with a GMP.