
Contract Award for the North and East Thatcham Flood Alleviation Schemes

Committee considering report:	Executive
Date of Committee:	9 February 2023
Portfolio Member:	Councillor Richard Somner
Date Portfolio Member agreed report:	19 January 2023
Report Author:	Jon Winstanley
Forward Plan Ref:	EX4266

1 Purpose of the Report

- 1.1 To report on the outcome of the tender for the North and East Thatcham Flood Alleviation Schemes. This follows the procurement strategy agreed at Procurement Board in September 2022.

2 Recommendation

- 2.1 This report is to note.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	<p>The pre-tender estimate for the works was valued at £2,600,000 - £3,000,000 based on previous tender prices for similar schemes undertaken over the last 5 years. The winning tender is £1,653,818 therefore substantially under budget.</p> <p>The majority of the funding for this project will be provided by DEFRA grant funding via the Environment Agency, however funding is also being committed by other project partners (West Berkshire Council, Thatcham Town Council & Thames Water).</p> <p>Any underspend will result in a reduction in DEFRA grant being claimed.</p> <p>The overall budget for the project including design, planning, utility diversions, land costs and prelim work is £3.5m.</p>

Human Resource:	None as a result of this report.			
Legal:	<p>The open tender process used for this procurement is compliant with the PCR 2015 and the Council's constitution. The NEC3 contract was issued as part of the procurement documentation and therefore all contractual terms are already agreed and the contract will require perfecting only in order to progress to signature should the contract award be approved. In line with the Council's constitution a performance bond in the form set out in the procurement documentation will be required from the contractor prior to contract signature and commencement of the contract. It is our understating that the delivery of the performance bond and the perfecting of the contract will be managed by the consultants; Ardent on the Council's behalf prior to signature. The contract award will require publication. It is noted that the procurement has already been included in the Forward Plan.</p> <p>Dawn Bond – 5 January 2023</p>			
Risk Management:	<p>The contractor will maintain a risk register for this project which will be overseen by the Asset Management Team. The Council, as the Lead Local Flood Authority, have a duty under the Flood and Water Management Act to carry out works to manage local flood risk.</p>			
Property:	<p>Access to the sites will be gained under Land Drainage Act 1991 notices of entry which will be served in advance of commencement in accordance with the Act.</p>			
Policy:	<p>This proposal is in line with the Council's Local Flood Risk Management Strategy.</p>			
	Positive	Neutral	Negative	Commentary
Equalities Impact:		x		

A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		N/A
Environmental Impact:	x			The scheme is identified in the Council's Environment Strategy Delivery plan.
Health Impact:	x			The scheme will protect people from flooding.
ICT Impact:		x		N/A
Digital Services Impact:				N/A
Council Strategy Priorities:	x			This proposed supports the Council Priorities of 'Maintaining a Green District' and 'Developing local infrastructure to support and grow the local economy'.
Core Business:		x		N/A
Data Impact:		x		N/A
Consultation and Engagement:	The project has been subject to a full public consultation as part of the planning process.			

4 Executive Summary

- 4.1 In July 2007 devastating floods hit Thatcham and around 1,200 homes were flooded. Since then a number of agencies have been working together to ensure that Thatcham is protected as much as possible from flooding.
- 4.2 The North and East Thatcham FAS scheme involves the construction of three flood attenuation ponds adjacent to Bowling Green Road, at Heath Lane and at East Thatcham. The works consist of diverting an existing watercourse into new attenuation basins in order to reduce the risk of flooding to properties within the Thatcham area and is identified as a key measure in the Thatcham Surface Water Management Plan.
- 4.3 This is the latest project in a number of successfully delivered flood alleviation schemes in Thatcham delivered in partnership with the Environment Agency and Thatcham Flood Forum with contributions from Thames Water and Thatcham Town Council.
- 4.4 The completed projects (Cold Ash Hill FAS, Tull Way Reservoir, Floral Way Reservoir and South East Thatcham FAS) are protecting 913 properties from the impact of surface water flooding. This project will protect an additional 107 properties and with the final Memorial Fields project due for completion in 2024, a total of 1,210 properties will have been protected from the devastating impact that flooding can have. This will represent over £12m of investment in flood defences in Thatcham over the life of the SWMP.
- 4.5 Following a competitive tender exercise a contract for the construction of the North and East Thatcham Flood Alleviation Scheme has been awarded to Hope & Clay Construction Ltd. Due to the estimated cost of the construction (>£2.5m) it was anticipated that contract award would require Executive approval in accordance with the Constitution, hence this report was placed on the forward plan. However the successful tender price at £1,653,818 is lower than anticipated and has allowed the contract to be awarded under delegated authority following Procurement Board approval. This report is therefore to note.
- 4.6 Although the successful price is considerably below the pre-tender estimate, Officers are not concerned about the ability of the contractor to construct the project as required. Experience has shown that prices for earthworks projects of this nature can fluctuate dramatically dependent on the contractor's appetite for risk. Analysis of the pricing schedule and the quality submission has not led to any concern and has revealed justifiable reasons for the tender price being lower. This contract has therefore been awarded to Hope and Clay construction Limited for the price of £1,653,818 and construction will commence at the end of March 2023.

5 Supporting Information

Introduction

- 5.1 Following a competitive tender exercise a contract for the construction of the North and East Thatcham Flood Alleviation Scheme has been awarded to Hope & Clay Construction Ltd. Due to the estimated cost of the construction (>£2.5m) it was anticipated that contract award would require Executive approval in accordance with the Constitution. However the successful tender price is lower than anticipated and has

allowed the contract to be awarded under delegated authority following Procurement Board approval. This report is therefore to note.

Background

- 5.2 In July 2007 devastating floods hit Thatcham and around 1,200 homes were flooded. Since then a number of agencies have been working together to ensure that Thatcham is protected as much as possible from flooding.
- 5.3 Following the success of similar schemes in Thatcham (Cold Ash, Tull Way and Floral Way), this scheme will significantly contribute to the completion of the Thatcham Surface Water Management Action Plan works with only the Memorial Fields project remaining (programmed for 2024).
- 5.4 The scheme involves the construction of three flood attenuation ponds in East Thatcham, Bowling Green Road and at Heath Lane. The works consist of diverting an existing watercourse into new attenuation basins in order to reduce the risk of flooding to properties within the Thatcham area and is identified as a key measure in the Thatcham Surface Water Management Plan.
- 5.5 This is the latest project in a number of successfully delivered flood alleviation schemes in Thatcham delivered in partnership with the Environment Agency and Thatcham Flood Forum with contributions from Thames Water and Thatcham Town Council.
- 5.6 Complete schemes include:

Project	Homes Protected	Investment
Cold Ash Hill FAS	131	£913,531
Tull Way Reservoir	200	£1,834,180
Floral Way Reservoir	512	£3,260,000
South East Thatcham FAS	70	£2,260,882
Total	913	£8,268,593

- 5.7 This project will protect an additional 107 properties and with the final Memorial Fields project due for completion in 2024, a total of 1,210 properties will have been protected from the devastating impact that flooding can have. This will represent over £12m of investment in flood defences in Thatcham over the life of the SWMP.

Proposals

- 5.8 This contract opportunity was advertised as an open tender via the Council's e-procurement system and Contracts Finder. A contract award notice will be published on Contracts Finder following agreement of this report.
- 5.9 27 contractors initially expressed an interest in the project. 10 contractors submitted a selection questionnaire, 9 contractors were taken through to the ITT stage. We received

1 compliant tender and 1 late response which was rejected. The tender received was evaluated on the basis of 70% price and 30% quality. The total number of marks available was 1000. The winning tender scored 914.

5.10 Pricing strategy is to award a fixed price, lump sum contract based upon an amended NEC3 Engineering and Construction Contract 2005 (2013 edition). The proposed winning tenderer has supplied a total bid of £1,653,818. This was considerably below the pre-tender estimate, however experience has shown that prices for earthworks projects of this nature can fluctuate dramatically dependent on the contractor's appetite for risk. Analysis of the pricing schedule and the quality submission has not led to any concern regarding the contractor's ability to deliver the project and any underspend will result in a reduction of the grant money claimed from the Environment Agency.

5.11 To validate that the tender is not considered 'abnormally low', an in-depth analysis of the pricing schedule was carried out and it has been concluded that there are justifiable reasons for the lower tender price compared with the pre-tender estimate. There is no particular part of Hope and Clay's tender that stands out as being particularly under-priced, the prices are lower across the board. Being a local contractor it is likely they are benefitting from local knowledge and associated efficiency savings. They also own their own plant and all staff are directly employed rather than sub-contracted.

6 Other options considered

6.1 Not awarding the contract and re-tendering is the only conceivable alternative and this is not a recommended course of action.

7 Conclusion

7.1 This project represents another key milestone towards completing the Thatcham Surface Water Management Plan and protecting Thatcham from the devastating impact of flooding. It is the culmination of a significant effort by West Berkshire Officers, Members and partners including Thatcham Flood Forum, the Environment Agency, Thatcham Town Council and Thames Water.

8 Appendices

None

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☐

Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input checked="" type="checkbox"/>

Wards affected: Chieveley & Cold Ash, Thatcham North & East.

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