

March 2021

Bridgend Town Hall Refurbishment Project

Advice regarding contracts in relation to Financial Regulations and Audit



The Council is seeking to appoint a suitable company/companies to plan building works (including the provision of professional advice, technical drawings, planning application, building approvals etc.) and appropriate construction, mechanical and electrical work for the Bridgend Town Hall Refurbishment Project.

The Council has considered two approaches:

- To appoint an architect for the design work and a separate company for the actual construction work
- To seek a larger construction company that can coordinate/undertake both the design and construction work

In autumn 2020, the Council needed to urgently obtain estimated costings for budgeting purposes for the 2021/22 precept budget discussions in December. For this reason it did not have enough time to go through the formal tender process. A brief was prepared and issued to local architects and contractors to seek costs.

Town Council Financial Regulations state that for a contract value less than £25,000 the Clerk or RFO shall obtain 3 quotations. It was noted that the value of the design work would be below this threshold and therefore if three quotes for design work were obtained, the Council could appoint a company for the design work and then undertake a formal tender process for the construction element of the project.

It quickly became apparent that the pandemic situation has increased demand for building works and many companies are fully booked for the foreseeable future. Despite contacting 25 companies (as far afield as Llanelli, Newport and Cwmbran) very few companies had the capacity to take on any more work during 2021 and would not provide quotes.

The Council eventually received two complete architect quotes accompanied with estimates for the construction work and two contractor quotes which include design and construction costs (please see summary sheet attached).

The quotes from the construction companies are significantly (over £60,000) lower than the quotes from the architects. For this reason, the Council may favour the construction company approach. This now poses a dilemma regarding how to procure the contract.

Advice has been sought from One Voice Wales and their Financial Advisor and as is as follows:

- Based on the brief and the value of the architect work, the Council can appoint an architect from the quotes received.
- Given that the value of the design and build work combined is over the £25,000 threshold for tender, the Council cannot appoint a contractor from the quotes received.
- If the Council do not wish to use an architect and want to appoint a contractor to undertake both the design and build, it must re-advertise the project via a formal tender process. There are two options for the tender process:
 - Open tender - To advertise the project via the Sell 2 Wales website and allow contractors from all over Wales to submit a tender response for the works.

- Selected tender – To invite expressions of interest from contractors and/or use the BCBC preferred contractor list and only issue the tender documents to these selected contractors to submit a response for the works.

One Voice Wales highlight the risks to Councils undertaking building works and suggest that Council carefully consider the skills and resource required to manage a building project of this value without an architect. If things go wrong with the building works, this could cost the Council more money in the long run.

The Council must also protect itself from a construction company going bankrupt mid-project and therefore recommends that a portion of the budget for the works should be held over in a bond.

One Voice Wales recommends the use of a professional architect or chartered surveyor to prepare the technical specifications for the building project, to arrange and manage the tender process, to assess whether the building work carried out meets the required standards and to arrange the certification required when the work is complete.

The Council now has two options:

Option 1 - To appoint an architect based on quotes received and to arrange a formal tender process for a separate company to undertake the construction work

As part of the design work the architect will be required to prepare the technical specifications for the building project, to arrange and manage the tender process to seek a separate contractor to undertake the construction work, to assess whether the building work carried out meets the required standards and to arrange the certification required when the work is complete.

Option 2 – To undertake a formal tender process to seek one company to undertake both the design and construction work

This can be via an open tender or selected tender process. The invitation should state that tenders must be addressed to the Clerk and each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.

Town Clerk Advice

In light of the information provided by One Voice Wales, my advice is to appoint an architect for this project to safeguard the Council and to conduct a formal tender process to appoint a contractor for the building work.

It is clear from the costs submitted to date that the construction costs submitted by the contractors are substantially lower than the estimated construction costs supplied by the architects. I therefore believe that the Town Council could appoint an architect to cover the work detailed above and can be prudent and seek a contractor via a tender process, to undertake the building works at a lower cost than initially quoted by the architects. The Project Manager has prepared a spreadsheet of hybrid costs to illustrate this (please see attached).

Leanne Edwards

Town Clerk