

18 May 2006

Mr Mark Shephard
Assistant Director
Education, Leisure and Community Services
Bridgend County Borough Council
Sunnyside
Bridgend CF31 4AR

Dear Mark

YNYSAWDRE POOL, BRIDGEND

Please find attached our Post Tender Analysis for the Ynysawdre Pool, which includes the following:

- Commentary on the Two Stage Tender process and on the events impacting upon this which have affected the cost of the Works, as outlined in our meeting of 11th May 2006.
- Tandy Associates Limited's Financial Summary and Funding Deficit Analysis.
- Willmott Dixon Turner's Tender Offer letter and their Elemental Breakdown of Contract Costs.

You will see from the enclosed that we now have a figure of £4,443,000, from Willmott Dixon Turner, for completing the project with Tandy Associates Financial Summary indicating a Project Outturn Cost of £4,997,778.

Please do not hesitate to call us if you require any further information and in the meantime we look forward to receiving your instructions.

Kind Regards.

Yours sincerely



STEPHEN LIMBRICK
Managing Director
For LIMBRICK LIMITED

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POST TENDER ANALYSIS

for

YNNSAWDRE SWIMMING POOL

for

BRIDGEND COUNTY BOROUGH COUNCIL

**Prepared by Limbrick Limited, Architects
and
Tandy Associates, Quantity Surveyors**

18th May 2006

YNYSAWDRE POOL, BRIDGEND

Post Tender Analysis

1.0 DESCRIPTION OF PROJECT

Ynysawdre Pool

The redevelopment of Ynysawdre Pool involves careful part demolition and part refurbishment of the existing building with an element of new build adjoining the existing to provide a modern Swimming and Fitness Centre for the community.

2.0 THE PROCUREMENT PROCESS

The procurement method for this project followed the NJCC Code of Procedure for Two Stage Selective Tendering and in December 2005 Willmott Dixon Turner were appointed to undertake the Second Stage Process for the project on the following basis:

Second Stage Procedures

'The Second Stage is the process of finalisation by the Employer's professional team in collaboration with the selected Contractor for the design and development of production drawings and the Health & Safety Plan for the whole project and the preparation of Bills of Quantities for the works priced on the basis of the First Stage Tender resulting in an acceptable sum for inclusion in a form of Contract.'

The above paragraph is taken from the NJCC Code and was the process followed by the Design team with Midas Construction, however, as previously documented, this did not produce a market tested competitive price for the Works. This subsequently led to the appointment of Willmott Dixon Turner in December 2005, as noted above, to undertake the Second Stage Tender process again.

The following schedules highlight the advantages and the (out-weighted) disadvantages of the Two Stage Tender Procurement Process adopted for this complex, refurbishment project:

Advantages of Two Stage Procurement Process

- i. Two Stage is popular at present and we are more likely to obtain expressions of interest from a greater number of Contractors, especially in a very busy market.
- ii. Optimisation of programme prior to start on site.
- iii. Brings Consultancy Team and Main Contractor closer together earlier in the process.
- iv. Encourages efforts to be directed in parallel for benefit of project.
- v. Enables clearer understanding of detailed relationships of constructional elements and costs prior to start date.

- vi. Decision making process can be extended into the second stage for various finishings trades – more appropriate time.
- vii. Design Team/Contractor work together to achieve cost plan.
- viii. Helps to identify and alleviate potential risks with the Contractor.
- ix. Allows the Contractor to input construction expertise into buildability issues.
- x. Allows clarification and realisation of specialist Sub-Contractors' details, prior to commencement on site.
- xi. Team working with Main Contractor alleviates likelihood of adversarial contractual relationships.
- xii. Maintains competitive pricing whilst ensuring buildability and value for money.
- xiii. Process of Two Stage Tendering broadens the interest in quality Main Contractors (in line with Egan report).
- xiv. No commitment to overall Contractor works until fully developed design, tender and programme agreed.
- xv. Less risk of reduction in quality and design.
- xvi. Client still has the opportunity to fully tender Stage Two without a large cost/time penalty, should the negotiations not be successful with the Stage One Contractor. *(NB. This is the safety net that allowed BCBC to re-tender the project).*

Disadvantages of Two Stage Procurement Process

- i. Full Cost of Contract confirmation not known until the end of the Second Stage process (QS estimate critical to cost control).
- ii. May require Clients financial commitments to Main Contractor's management input during Second Stage Tender process.
- iii. Costs of Design Work by specialist Sub-Contractors as part of Stage Two process may require early payment prior to Second Stage Tender, or if breakdown of process with selected Main Contractor occurs. *(NB. But design work still useable).*

3.0 THE PROCUREMENT PROCESS ON THIS PROJECT

The design and development of production information, the development of production drawings and the preparation of Bills of Quantities was undertaken during the time spent tendering the project with Midas, however the whole project was revisited and the process was followed again rigorously whilst working with Willmott Dixon Turner.

The Second Stage procedure for this project entailed breaking the project information down into some 65 Works Packages, each containing their own specific production drawings, specifications and Bills of Quantities, which were then forwarded by Willmott Dixon Turner to a minimum of four Sub-Contractors for each package to enable them to tender the works.

Each Sub-Contractor was generally given a minimum of 4 weeks to prepare tenders, which were then returned to Tandy Associates for formal opening, where the Tender Returns Figures relative to each tender were formally recorded.

Tandy Associates prepared an Initial Tender Return Report on each package and distributed their initial reports to the Design team and to Willmott Dixon Turner recommending further analysis of the two lowest tenderers.

The Design Team then undertook a technical compliance analysis of each tender return and Willmott Dixon Turner undertook full content analysis of each tender return.

The Design Team's analysis documentation was forwarded to Willmott Dixon Turner for transmission to the two most compliant/lowest tenderers for their comment prior to being invited to Sub-Contractor Post Tender Interviews.

At these interviews the Sub-Contractor Tender Returns were discussed, queries raised by all parties were resolved and Value Engineering Options were examined.

Upon completion of the interviews and receipt of any outstanding information Willmott Dixon Turner were able to recommend a Sub-Contractor whose tender return was deemed to be fully compliant.

As explained at our meeting on Thursday 11th May 2006, the above process had largely been concluded but had been frustrated by a sluggish response from a very busy construction market place in the South Wales area.

Several packages suffered from a lack of response from the Sub-Contractors approached initially, causing Willmott Dixon Turner to identify further Sub-Contractors and to send out these packages again in order to obtain competitive quotations for the Works.

Inevitably this involved the whole team in considerably more work than was anticipated, which we have undertaken and which we and we feel reflects the inflated prices received.

In addition the late receipt of Sub-Contract Tender Returns has impacted on the time available to examine Value Engineering options and thus bring further cost benefit to the project.

4.0 INVESTIGATION OF THE EXISTING BUILDING

In addition to re-tendering the project we took advantage of having access to the building to 'open up' areas to gain an insight into how the building has been constructed. This led to several unanticipated discoveries namely:

- The discovery of an oil tank which has attracted costs associated with cleaning it before it can be removed and then its safe removal from site.
- The need for remedial wall ties to 2 no. walls that are being retained because the existing ties had not been correctly installed.
- It appeared from the existing drawings for the building that there was the possibility of a void under the ground floor slab, which it was thought could be filled with demolition arisings. This was found not to be so when we had the floor slab core drilled. Therefore, the cost of carting away the demolition arisings has been included in the figures.

- We also found the ground floor slab to be approximately 300mm thick where the existing drawings indicate it to be 200mm thick. This has resulted in more demolition material to be disposed of than was originally envisaged.
- Upon removal of some of the concrete encasement four columns in the basement were found to be badly corroded, which has also attracted additional cost.
- Paving in Basement found to be contaminated with chemicals and deteriorating, therefore we have allowed for its removal and replacement with a sand/cement screed.

In the normal course of events all of the above issues would not have become apparent until after the Contractor had started work on site, which would inevitably involve a potential claim for an extension of time and the associated costs.

We have therefore been fortunate in making these discoveries before the Contract is due to be let and the Contract Sum includes the costs of these works, leaving the Contingency Sum intact and available for use in dealing with unforeseen problems that may be uncovered during the course of the refurbishment works.

Since our meeting on Thursday 11th May, the Design Team and Willmott Dixon Turner continued to examine and analyse the tenders received, together with tender returns received since the meeting, culminating in the figures presented below.

Appendix 1 – Tandy Associates Financial Summary

Appendix 2 - Willmott Dixon Turner Tender

Appendix 3 – Willmott Dixon Turner Elemental Cost Breakdown

Appendix 4 - Draft Construction Programme prepared by Willmott Dixon Turner

Appendix 5 - Project Procurement Programme prepared by Limbrick Limited

CONCLUSION

The attached Tender Return, from Willmott Dixon Turner, together with their Elemental Breakdown of Contract Costs, based upon individual package tender returns/cost plan allowances, represents the culmination of the Stage Two Tender Process and has produced a Construction Cost of £4,443,000 for the Ynysawdre Pool Project. This figure includes an offer from Willmott Dixon Turner reducing their Overheads and Profit Margin from 6% to 5%.

Please note that the reference, in paragraph two of Willmott Dixon Turner's letter, to late information/package changes is attributed to the extensive value engineering exercise that has been carried through each package, resulting in changes to published information, which continues to be updated to reflect the package costs reported.

In addition the Financial Summary provided by Tandy Associates provides commentary on how the Willmott Dixon Turner figure has been affected by influences beyond the control of the Design Team and Willmott Dixon Turner.

The resultant £160,387 which could be attributed to cost planning discrepancy represents 3.6% overage on the BCIS revised target budget for the project. Whilst unfortunately this converts into the figure stated above, it is regarded as being within a reasonable range of accuracy at the Pre-Tender Estimate Stage.

Appendix 1
Tandy Associates Financial Summary

Ynysawdre Swimming Pool

Current Financial Summary

18th May 2006

1.0	Current firm price from Willmott Dixon Turner (18th May 2006)		£ 4,079,743
2.0	Overheads & Profit	5%	£ 203,987
		Sub Total	<u>£ 4,283,730</u>
3.0	Professional Fees ~ percentage element	12%	£ 514,048
4.0	Professional Fees ~ lump sum element		£ 50,000
		Sub Total	<u>£ 4,847,778</u>
5.0	Project Contingency		£ 150,000
6.0	Total Projected Project Cost		<u>£ 4,997,778</u>
7.0	Available Bridgend County Borough Council Budget		<u>(£ 4,443,000)</u>
8.0	Current funding deficit		<u>£ 554,778</u>

Notes:

- a) All costs exclude VAT

Ynysawdre Swimming Pool

Funding Deficit Analysis

18th May 2006

		£	% of target budget
Current funding deficit		£ 554,778	
<u>Deficit Analysis</u>			
1.0	Higher than anticipated increase in cost in steelwork	£ 8,050	0.18%
2.0	Unforeseen costs arising from intrusive building investigations in January / February 2006 (Refer to separate costs analysis sheets)		
2.1	Discovery of oil tank	£ 21,550	0.49%
2.2	Remedial wall ties	£ 12,050	0.27%
2.3	No void under existing building	£ 39,080	0.88%
2.4	Thicker existing ground floor slab	£ 9,360	0.21%
2.5	Corroded columns	£ 20,800	0.47%
2.6	Replace contaminated basement flooring	£ 8,001	0.18%
3.0	Increased extent of cathodic protection works	£ 51,300	1.15%
4.0	Increased electricity service provision quotation from Western Power Distribution	£ 21,100	0.47%
5.0	Increase in building cost inflation forecasts ~ difference between allowances calculated in September 2005 Report to BCBC and May 2006 BCIS forecast figures to contract mid point based upon Bcis Building Cost Indices	£ 126,700	2.85%
6.0	Allowance for "overheated" South Wales construction market ~ assessed to be in the order of 2% by Design Team and Wilmott Dixon Turner Limited	£ 76,400	1.72%
	Sub Total	£ 394,391	
7.0	Minor under estimate on Cost Plan	£ 160,387	3.61%
		£ 554,778	12.49%

Notes:

- a) All costs exclude VAT
- b) All above costs include Main Contractor's Discount, Main Contractor's overheads and profit and Professional fees

Ynysawdre Swimming Pool

Unforeseen Costs Arising from Intrusive Investigation into Existing Building

18th May 2006

1	Discovery of 54,000 litre oil tank	£ 21,550.94
	Oil tank to be professionally cleaned prior to prevent contamination prior to removal and subsequent backfilling with inert material	
	Cleaning of oil tank (Oil Tank Supplies Ltd. quotation)	£ 1,680.00
	Removal costs (Oil tank Supplies Ltd quotation)	£ 14,680.00
	Back filing with inert material (Groundworks package)	£ 1,350.00
		<u>£ 17,710.00</u>
	Add Main Contractor's discount	£ 442.75
		<u>£ 18,152.75</u>
	Add Main Contractor's overhead & profit @ 6%	£ 1,089.17
		<u>£ 19,241.92</u>
	Add Professional fees @ 12%	£ 2,309.03
		<u><u>£ 21,550.94</u></u>
2	Remedial wall ties to 2no walls	£ 12,051.98
	Replacement of defective wall ties to existing north and east elevations of the retained masonry walls to the pool hall.	
	Replacement of existing ties (Protectahome Ltd quotations)	£ 5,654.00
	Additional scaffolding adaptations / hire (Willmott Dixon Turner)	£ 4,250.00
		<u>£ 9,904.00</u>
	Add Main Contractor's discount	£ 247.60
		<u>£ 10,151.60</u>
	Add Main Contractor's overhead & profit @ 6%	£ 609.10
		<u>£ 10,760.70</u>
	Add Professional fees @ 12%	£ 1,291.28
		<u><u>£ 12,051.98</u></u>
3	No void under existing building	£ 39,081.32
	Drawings of the existing building indicated that there was a void under the existing building. The pricing of the proposed refurbishment project assumed that inert demolition and excavation arisings could be deposited on site i.e. filling the void. Intrusive investigations have revealed that the void does not exist and now all arisings will have to be deposited off site at additional cost.	
	Disposal of demolition arisings off site (estimate of extra over cost)	£ 22,000.00
	Disposal of excavation arisings off site (843m3 @ £12/m3 ~ est)	£ 10,116.00
		<u>£ 32,116.00</u>
	Add Main Contractor's discount	£ 802.90
		<u>£ 32,918.90</u>
	Add Main Contractor's overhead & profit @ 6%	£ 1,975.13
		<u>£ 34,894.03</u>
	Add Professional fees @ 12%	£ 4,187.28
		<u><u>£ 39,081.32</u></u>

4 Thicker existing slab than indicated on existing drawings**£ 9,363.28**

Drawings of the existing building indicated that the existing ground floor slab was 200mm thick. Intrusive investigations have revealed that the slab is on average 300mm thick, and in places up to 450mm thick. This has resulted in additional demolition and disposal costs.

Additional breaking out costs for thicker slabs (assume av. 300mm)	£ 6,817.50
Additional disposal costs for additional material	£ 877.00
	<u>£ 7,694.50</u>
Add Main Contractor's discount	£ 192.36
	<u>£ 7,886.86</u>
Add Main Contractor's overhead & profit @ 6%	£ 473.21
	<u>£ 8,360.07</u>
Add Professional fees @ 12%	£ 1,003.21
	<u>£ 9,363.28</u>

5 Replacement of badly corroded columns to basement**£ 20,796.48**

Replacement of badly corroded columns to basement. State of columns only became apparent after intrusive survey works in early 2006 after the pool was closed to the public

Reduction in extent of demolition works for removal of columns	(£ 3,450.00)
New structural steelwork (11t @ £1,750 / tonne)	£ 19,250.00
Fire protection to new steel	£ 540.00
Foundation adaption for new columns (est)	£ 750.00
	<u>£ 17,090.00</u>
Add Main Contractor's discount	£ 427.25
	<u>£ 17,517.25</u>
Add Main Contractor's overhead & profit @ 6%	£ 1,051.04
	<u>£ 18,568.29</u>
Add Professional fees @ 12%	£ 2,228.19
	<u>£ 20,796.48</u>

6 Replacement of contaminated basement floor paving with screed**£ 8,000.99**

Replacement of badly contaminated basement floor paving with cement sand screed floor finish

Remove flooring & associated machine plinths (demolition package)	£3,150.00
New screed to basement floor (screed package)	£ 4,705.00
Omit floor paint	(£ 1,280.00)
	<u>£ 6,575.00</u>
Add Main Contractor's discount	£ 164.38
	<u>£ 6,739.38</u>
Add Main Contractor's overhead & profit @ 6%	£ 404.36
	<u>£ 7,143.74</u>
Add Professional fees @ 12%	£ 857.25
	<u>£ 8,000.99</u>

Appendix 2
Willmott Dixon Turner Tender

18 May 2006

Our ref: GN/TO1323E

Limbrick Ltd
Chedworth House
Falcon Close
Bristol Road
Quedgeley
Gloucester
GL2 4LY



32 Cathedral Road
Cardiff CF11 9UQ
Telephone: 029 2022 1002
Fax: 029 2038 8206
E-mail: construction.turner@willmottdixon.co.uk

F.A.O: Mr G Pollard

Dear Sirs

Ynysawdre Pool, Sarn, Bridgend.

Following the two stage tendering process that we have carried out on the above noted contract we confirm that our costs for completing the project in line with the bills of quantities and specifications produced by yourselves and Tandy Associates Ltd is £4,433,730.00 (all as elemental breakdown attached). This document also includes our recommended subcontractor for each of the packages based upon the information received to date.

This sum includes approximately £67k for packages that are we still to receive tender returns for due to late information/package changes and therefore these items will have to remain provisional. Where this is the situation we have used the cost plan allowances as provided by TAL. However, this only accounts for circa 2% of the project, which we are pleased with at this stage.

Furthermore, we envisage tender returns for these packages by the end of next week and are committed to adjusting these figures accordingly.

We trust this meets with your approval and should you require any further information do not hesitate to contact the writer.

Yours faithfully

WILLMOTT DIXON CONSTRUCTION LIMITED

GERWYN NEALE
Quantity Surveyor

Also at : BIRMINGHAM • BRISTOL • COBHAM • HITCHIN • LEEDS • NOTTINGHAM



A part of Willmott Dixon Construction Limited
Registered Office: Suite 201, The Spirella Building, Bridge Road, Letchworth Garden City, Hertfordshire SG6 4ET
Reg. No. 768173 (England)



Certificate No: P611256 INVESTOR IN PEOPLE

Appendix 3
Willmott Dixon Turner Elemental Cost Breakdown

Bridgend County Borough Council

Ynysawdre Swimming Pool

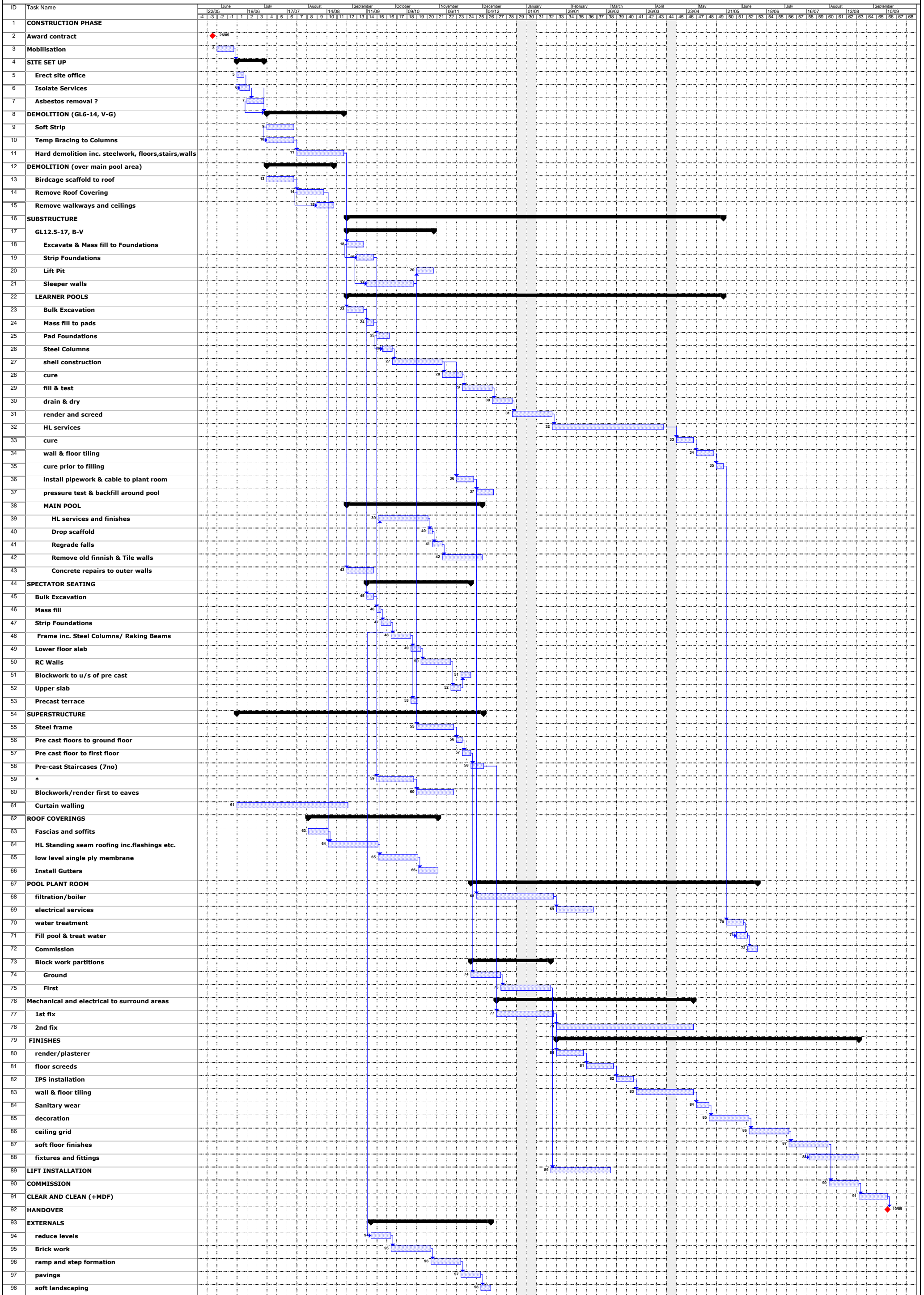
Elemental breakdown of contract costs based upon tender returns/cost plan allowances

Package ref	Description	Package Value £	Recommended Sub-Contractor	WDT Notes / Comments
S2/01	Asbestos	£6,847	Bond	
S2/02	Demolition	£151,692	Bond	Includes cost of tank cleaning previously omitted
S2/03	Groundworks	£378,286	K&H	
S2/04	Below ground drainage (ref package S2/03)	£0		
S2/05	Formwork & concrete (ref package S2/03)	£0		
S2/06	Steel frame	£267,444	Dollcast	
S2/07	Standing seam roof	£104,483	Sterling	Revised tender following VE meeting
S2/08	Single ply membrane roof	£125,650	Briggs Roofing & Cladding	
S2/09	Roof safety system (ref package S2/16)	£0		
S2/10	Precast concrete floors	£41,461	Acheson & Glover	
S2/11	Precast concrete stairs	£20,282	Acheson & Glover	
S2/12	Precast concrete terracing	£52,265	Acheson & Glover	
S2/13	Steel staircases	£25,351	JS Payne	Changed staircase supplier
S2/14	Masonry	£137,705	Wager	Removal of lintel duplication
S2/15	Carpentry & joinery	£17,805	T&G	
S2/16	Incidental metalwork	£67,917	Robbin Engineering	Removal of duplications to stairs and VE to balustrades
S2/17	External render system	£115,697	Joyner PA	
S2/18	Curtain walling	£96,861	Alcoplan	Using the Glostal System
S2/19	Louvres	£22,914	Sophia Contracting	
S2/20	Partitions (metal stud)	£3,000	Provisional Sum	
S2/21	Internal doors and openings	£59,041	T&G/Paramount	
S2/22	Mechanical & Electrical	£754,769	CMB Eng / Hills Elect.	Includes VE savings
S2/23	Above ground drainage	£0		
S2/24	Swimming pool construction	£0		
S2/25	Pool filtration - stage 1 package	£200,906	Aqua Process Engineering	Includes VE savings
S2/26	Electrical - (ref package S/22)	£0		
S2/27	Lift	£22,163	Cardiff Lifts	
S2/28	BWIC	£15,000	Provisional Sum	awaiting tender package
S2/29	Soft Flooring	£20,156	Gollop Flooring	
S2/30	Plastering / rendering	£70,585	Robbins and Brown	
S2/31	Ceramic tiling wall & floor	£71,299	Chris Brown Tiling	
S2/32	Suspended ceilings	£42,803	Richard Kemble	
S2/33	Painting & decoration	£46,025	R&M Williams	Area of shot blasting to be confirmed
S2/34	Signage	£7,000	Provisional Sum	
S2/35	Lockers, cubicles & benches	£85,845	Kemlitt & Amwell	Breakdown requested from s/c
S2/36	Mirrors	£3,700	Glass Installations Ltd	
S2/37	Sundry fittings	£10,000	Provisional Sum	

Package ref	Description	Package Value £	Recommended Sub-Contractor	WDT Notes / Comments
S2/38	Hard landscaping	£27,867	QE Paving	Awaiting quote from K&H for paving
S2/39	Tarmac	£30,629	Tarmac Roadstone	Quotes received from tarmac s/c higher than WDT budget
S2/40	Highways works	£0		
S2/41	Landscaping & planting	£3,130	Mon County Council	Changed landscape s/c
S2/42	Incoming services	£55,000	Provisional Sum	
S2/43	Intumescent paint	£12,333	Avalon	
S2/44	Fire stopping	£7,000	Provisional Sum	Out to tender
S2/45	Mastic works	£6,290	Fastglobe	
S2/46	Barrisol ceiling	£8,000	Barrisol	
S2/47	External metal framed rendered cladding	£27,000	Provisional Sum	
S2/48	Timber weatherboarding	£8,738	T&G	Received quotation for thermowood - higher than budget
S2/49	Reception counter	£7,000	Provisional Sum	
S2/50	Pool fittings	£23,000	Olympic	
S2/51	Cathodic protection	£67,165	Martech	
S2/52	Sports flooring	£29,955	Winstone Flooring	
S2/53	Screeding	£64,923	S Craig & Sons	WDT budget allowed for RIW Flexiseal to screeds
S2/54	Fences and gates	£2,944	Whitchurch Fencing	
S2/55	Fire extinguishers	£2,500	Provisional Sum	
S2/56	Internal glazing (ref. package S2/18)	£0		
S2/57	Sundry Insulation	£9,000	Provisional Sum	Out to tender
S2/58	External steel doors & Sectional overhead door	inc in S2/21		Cost difference taken in S2/21
S2/59	Disabled hoist (ref. package S2/50)	£0		
S2/60	Blinds and curtains	£0		
S2/61	Pool tiling	£76,029	Chris Brown Tiling	
S2/62	White lining	£1,000	Provisional Sum	
S2/63	Street furniture	£16,737	Provisional Sum	
S2/64	Scaffolding - E. Turner & sons direct	£101,551	MAC Scaffolding + birdcage for shot blasting	
S2/65	Builders clean - E. Turner & sons direct	£7,000	Provisional Sum	
P	Preliminaries	£440,000		
		£4,079,743		
5.00%	Overheads & Profit	£203,987		
		£4,283,730		
	Contingency	£150,000		
	Total	£4,433,730		

Appendix 4
Draft Construction Programme
prepared by Willmott Dixon Turner

YNYSAWDRE SWIMMING POOL REFURBISHMENT, BRIDGEND.

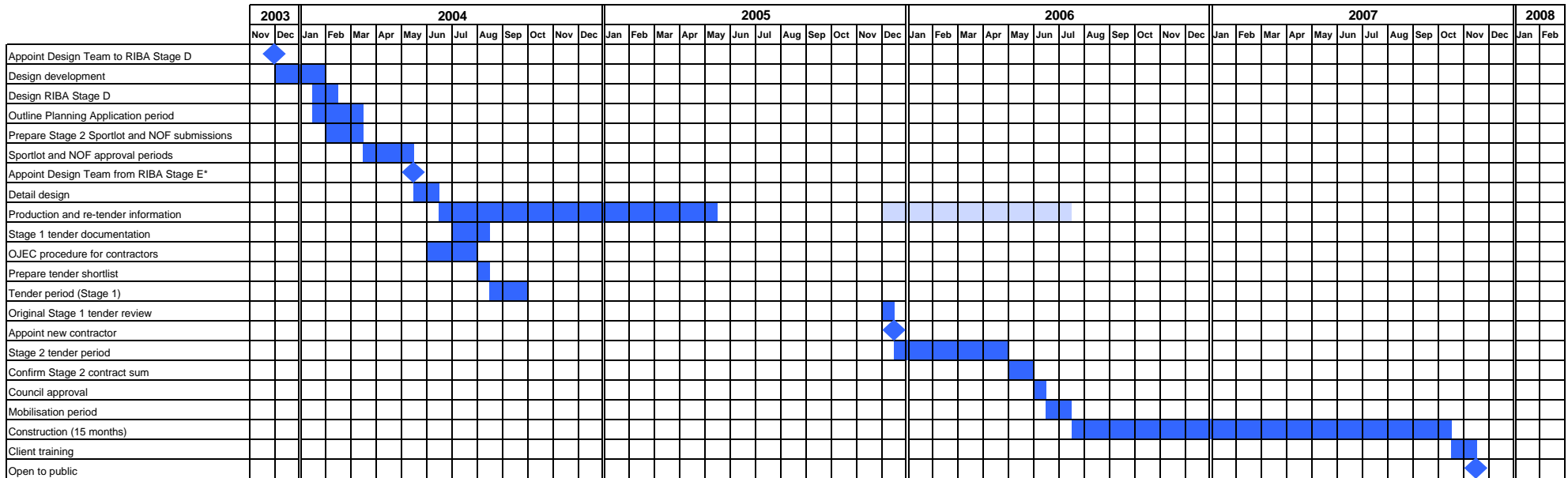


Appendix 5
Project Procurement Programme
prepared by Limbrick Limited

YNSAWDRE SWIMMING DEVELOPMENT CENTRE, BRIDGEND

INDICATIVE PROCUREMENT PROGRAMME 3 TWO STAGE APPROACH

Returning to original Stage 1 Tender (following agreement to proceed in mid-November 2005)



* This programme assumes that this date coincides with estimated funding approval dates.