

## **CABINET**

**11 FEBRUARY 2014**

### **GATEWAY 3 CONTRACT AWARD: STROOD COMMUNITY HUB**

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Jack Moss, Category Specialist  
Rob Banks, Project Manager, Capital Projects

#### **SUMMARY**

This report seeks permission to make a decision regarding the future of the procurement related to Strood Community Hub as a result of returned tender submissions coming in over the allocated budget as set out by Procurement Board.

The Cabinet approved the commencement of this requirement at Gateway 1 on 1 October 2013.

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion via Regeneration, Community & Culture Directorate Management Team and Procurement Board in January 2014.

#### **1. Budget and Policy Framework**

##### **1.1 Background Information**

The current service provision is split over two sites. Strood Library is currently located at Bryant Road in a primarily residential area. The Strood Community Hub is currently located on a site accessed via an alleyway off Strood High Street near the bridge over the River Medway. The proposed service provision will bring these two services under one roof at 133 Strood High Street on the former site of a bed retailer and next door to Lloyds TSB Bank. This proposal ties in with the Council's Better for Less strategy of promoting single customer contact and administration hubs throughout Medway.

The scheme has a variety of benefits for the community:

- A new Medway Council community hub - providing a convenient gateway to council services and a brand new library – will open in Strood High Street in early 2015.
- The children's area within the hub will gain space.
- The same number of books in the new Community Hub as in current library.
- The Community Hub will provide a focal point for the High Street, increasing footfall to help local businesses. It will be easier for residents using public transport than the current library and Community Hub locations.
- The major investment will improve a currently vacant shop and improve the street-scene.
- The new Community Hub is part of the council's broader work to ensure Strood benefits from regeneration – other work includes an expansion of Strood leisure centre and improvements to Strood station.
- When the new Community Hub opens in early 2015, the existing Strood Library (Bryant Road) and Strood Community Hub (old Civic Centre site) will close.
- The existing community hall at Strood Library, Bryant Road will remain open as an important community venue.

## **1.2 Budget & Policy Framework**

- 1.2.1 This report seeks permission to commence a new procurement project with a contract duration of 7 months with provision to extend. The contract is proposed to commence on 18/02/2014 and conclude on 17/09/2014.
- 1.2.2 This is a project which involves the relocation of Strood Library and Community Hub from their current positions to 133 High Street, Strood. The property requires refurbishment and fit out for this purpose and for Medway Council to enter into a 25.5 year lease. It is part of a wider regeneration scheme for Strood and will act as its focal point.
- 1.2.3 This project is required to maintain Medway's statutory obligation to provide a comprehensive and efficient library service under the 1963 Public Libraries and Museums Act.

## **1.3 Funding/Engagement from External Sources**

- 1.3.1 There is no external funding in relation to this procurement requirement.
- 1.3.2 A consultant has been used in the design and specification process in respect of the requirements of this procurement, consequently surveyors and related personnel have also been engaged in the process as required.

## **2. Procurement Process**

### **2.1 Procurement Process Undertaken**

The procurement process undertaken consisted of the utilisation of the KCC Select List Framework Agreement under which six potential suppliers were invited to tender for the provision of these works. Of these six potential suppliers, four returned tenders, and these were assessed based on a 60/40% (Quality/Price) evaluation split.

A member of the category management team (Category Specialist – place) and a member of Building Design Services (Project Manager – Capital Projects) assessed the returned submissions based on the pre-set criteria, following evaluation Contractor D provided the most economically advantageous tender however this was around 30% over budget.

Following consultation between Category Management and Building Design Services, these works were re-tendered to the same six suppliers on the KCC Select List Framework with a stated price ceiling, allowing this project to stay within the allocated budget. Three suppliers returned submissions to this, of which one has been deemed unsuitable by Building Design Services and the other remains over-budget by circa 30%. The remaining tender submission which provides the most economically advantageous tender continues to be 'Contractor D' and as such it is recommended that these works be awarded to this contractor.

### **2.2 Evaluation Criteria**

The evaluation criteria used was based on the Council standard of 60% Quality/40% Price via the KCC select list framework.

### 3. Business Case

#### 3.1 Delivery of Procurement Project Outputs / Outcomes

The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the recommended procurement contract award will deliver said outcomes/outputs.

<b>Outputs / Outcomes</b>	<b>How will success be measured?</b>	<b>Who will measure success of outputs/outcomes</b>	<b>When will success be measured?</b>	<b>How will recommended procurement contract deliver outputs/outcomes?</b>
<b>1.</b> Appointing a contractor for the works who will deliver a quality product within the timescales required and within the given budget.	Successful completion of the building works within the timescales which will be measured through the tender process.	Building & Design Services	Monitored throughout the programme by monthly site visits and contractor reports.	Meeting key milestones within the programme and the implementation of performance indicators.
<b>2.</b> Appointing a contractor for the building works who is able to work within the constraints of a library environment.	Successful procurement of the contractor within the specifications contained within the tender process.	Building & Design Services	Monitored throughout the programme by monthly site visits and contractor reports.	Inclusions of contract monitoring procedures within the Contract documents. Default clauses are part of the contract documentation.
<b>3.</b> Delivery of key objectives for the project which is refurbishment.	Completion of the building works meeting all the Client's requirements.	Building & Design Services	Assessed at the end of the project, and also monitored throughout the contract period.	A detailed specification with key milestones and a Design and Building Contract.
<b>4.</b> To create a Community Hub in Strood to give the people of Strood the opportunity to engage with the Council in a face to	The success of this project will be measured by the number of visitors (footfall), books borrowed, amount of computer time used, number	Community Hub Staff	Following the completion of the project on a monthly basis and compared with figures from the	By being in place in a timely manner, in line with KPI.

face fashion to answer Council related enquiries.	of queries answered, and the numbers attending events and activities.		existing sites.	
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#### 4. RISK MANAGEMENT

##### 4.1 Risk Categorisation

<b>1. Risk Category: Procurement process</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Council decision making process affects programme, resulting in programme delays and cost increases		
<b>Plans to Mitigate:</b> Projects are planned with Procurement and Cabinet dates in mind to minimise delays		
<b>2. Risk Category: Contractual delivery</b>	<b>Likelihood: E</b>	<b>Impact: III</b>
<b>Outline Description:</b> Failure of contractor to deliver contractual arrangements		
<b>Plans to Mitigate:</b> Inclusion of Contract monitoring procedures within the contract documents. Default clauses are part of the contract documentation.		
<b>3. Risk Category: Service delivery</b>	<b>Likelihood: E</b>	<b>Impact: III</b>
<b>Outline Description:</b> Lack of specified performance		
<b>Plans to Mitigate:</b> A detailed specification with key milestones and performance indicators.		
<b>4. Risk Category: Reputation/political</b>	<b>Likelihood: C</b>	<b>Impact: III</b>
<b>Outline Description:</b> Negative publicity as a result of poor communication.		
<b>Plans to Mitigate:</b> Project specific communications plan has been developed		
<b>5. Risk Category: Health &amp; Safety</b>	<b>Likelihood: D</b>	<b>Impact: I</b>

<b>Outline Description:</b> Construction works in close proximity to general public resulting in disruption, injury or worse.		
<b>Plans to Mitigate:</b> Contractor to provide clear & concise H&S procedures, with close liaison with the library. CDM Co-Coordinator to review measures taken.		
<b>6. Risk Category: Equalities</b>	<b>Likelihood: C</b>	<b>Impact: II</b>
<b>Outline Description:</b> Disabled parking may not be available at rear of property.		
<b>Plans to Mitigate:</b> Phil Vipond working on getting parking included as a condition of signing the lease.		
<b>7. Risk Category: Sustainability/Environmental</b>	<b>Likelihood: C</b>	<b>Impact: III</b>
<b>Outline Description:</b> Asbestos could be found on site due to being an older building.		
<b>Plans to Mitigate:</b> Asbestos survey will be done on site. Risk cost will be allowed for rectification.		
<b>8. Risk Category: Legal</b>	<b>Likelihood: C</b>	<b>Impact: II</b>
<b>Outline Description:</b> Lease of property not agreed in time to start works.		
<b>Plans to Mitigate:</b> Negotiation is still going on to get best lease result and for site to include sufficient parking space.		
<b>9. Risk Category: Financial</b>	<b>Likelihood: A</b>	<b>Impact: I</b>
<b>Outline Description:</b> Possibility of unforeseen costs identified or tender returns coming in over budget		
<b>Plans to Mitigate:</b> Detailed investigative work prior to the tendering of works undertaken to highlight any issues.		
<b>10. Risk Category: ICT</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> ICT access is not available at the site.		
<b>Plans to Mitigate:</b> Money allocated in budget to install ICT equipment on site.		

## **5 Service Comments**

### **5.1 Financial Comments**

- 5.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 7, is within existing budget approvals.
- 5.1.2 Further detail is contained within Section 2.1 Financial Analysis of the Exempt Appendix at the end of this report.

### **5.2 Legal Comments**

- 5.2.1 This works procurement has been undertaken in accordance with the Public Contracts Procurement Regulations 2006 which permits the use of frameworks and allows for mini competitions to be undertaken in accordance with Regulation 19(9). As this procurement categorised high risk, the decision to make an award is one for Cabinet pursuant to the Council's Contract Rules.
- 5.2.2 The contract should not be awarded until the Council has secured the lease of the new library premises.

### **5.3 TUPE Comments**

- 5.3.1 There are no TUPE considerations to be taken into consideration within this procurement.

### **5.4 Procurement Comments**

- 5.4.1 The Procurement process was carried out in line with the Council's Contract Procedure Rules via the KCC Select Framework. In doing so, the procurement process has been accelerated in comparison to a full open tender.
- 5.4.2 At gateway one stage, a budget of £1M was identified as a ceiling price by Procurement Board, and as outlined in the Exempt Appendix this price was not met when all costs are considered and taken into consideration at initial tender stage. As such, category management did not recommend the award of this contract but instead retendered with a stated ceiling price as per the allocated budget.
- 5.4.3 Category Management and Building Design Services are confident that spend can be controlled between their departments, however it is an important consideration to make that service departments (e.g. Communications and the Service Area) must control their spend in relation to this (for example marketing activities and fit-out costs) project to ensure no overspend occurs.
- 5.4.4 A planning condition of these works is that the entrance road to the rear of the property be resurfaced, the Director, Regeneration Community and Culture has indicated that this will be funded from the highways capital programme for 2014/15.

## 5.5 ICT Comments

5.5.1 There is a requirement for an ICT provision at the new Strood Community Hub in respect of networking, computer terminals and other associated ICT equipment as required within a library or Community Hub.

## 6 Other Information

6.6.1 Vacant possession of the property proposed to be utilised for the Strood Community Hub has been obtained. A lease to occupy the premises for 25 years has been completed.

6.6.2 The Procurement Board has considered this report and supported the recommendation set out below.

## 7. Recommendations

7.1 It is recommended that the award of this contract to the most economically advantageous provider goes ahead as per the re-tender exercise as set out in paragraph 4.1 of the Exempt Appendix.

## 8. Suggested Reasons For Decision

8.1 The reason for the decision is due to the re-tender results for the proposed works coming in within the allocated budget.

### Lead Officer Contact

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### BACKGROUND PAPERS

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Draft Cultural Strategy 2009-2014	<a href="http://www.medway.gov.uk/pdf/Draft%20Cultural%20Strategy.pdf">http://www.medway.gov.uk/pdf/Draft%20Cultural%20Strategy.pdf</a>	2009
Cabinet paper	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?lId=11471">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?lId=11471</a>	1/10/2013
Diversity Impact Assessment Screening		19/08/2013