

CABINET

16 DECEMBER 2014

GATEWAY 3 CONTRACT AWARD: EASTGATE HOUSE REFURBISHMENT WORKS

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

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

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SUMMARY

This report seeks permission to award a contract to the supplier(s) as highlighted within Section 3.2 of the Exempt Appendix.

The Cabinet approved the commencement of this requirement at Gateway 1 on 29 October 2013.

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at the Regeneration Community and Culture Directorate Management Team Meeting on 24 November 2014 and Procurement Board on 3 December 2014.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

1.1.1 This project is named specifically on the Medway Council Plan:

Eastgate House improvements

The project focuses on conserving the important historic fabric of Eastgate House and adapting the building so that it can be used as a distinctive and vibrant community resource for Medway residents and our visitors.

Departmental and Directorate Service Plans

This project links into the following Departmental/Directorate Service Plans through:

- Medway Destination Management Plan
- The Medway Cultural Strategy 2014-2019.

1.2 Background Information

- 1.2.1 The project will conserve this wonderful building and heritage for generations to come opening it up as a distinctive, valued and vibrant community resource for Medway and our visitors. When completed, the project will have transformed access to and experience of this much loved local landmark creating a sustainable future for Eastgate House.
- 1.2.2 An exciting and diverse range of activities and interpretation, inspired by the building and its residents over 400 years will enable anyone living in or visiting Medway to learn about, experience and enjoy this unique heritage.
- 1.2.3 Addressing the urgent conservation requirements of the house will transform this Tudor mansion and secure the future of the building.
- 1.2.4 A new lift, sensitively designed to complement the site, and the reinstatement of a demolished staircase will allow access for all to floors closed for decades. A robust Conservation Management Plan will ensure that decisions throughout the project and beyond are taken with full consideration and understanding of the historical, social, aesthetic and communal significance of all areas of the house.
- 1.2.5 The project will introduce new galleries and education spaces to facilitate our learning and participation aims. Significant improvements to visitor facilities will generation new opportunities for income generation, creating new jobs and ensuring sustainability of the project.

1.3 Funding/Engagement from External Sources

- 1.3.1 As this project encompasses funding from external sources, authority to proceed with this procurement direction has been reviewed and approved by the Heritage Lottery Fund.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

- 2.1.1 The procurement process followed a restricted procedure (non-OJEU) via the Kent Business Portal, in line with the Council's Contract Procedure Rules.
- 2.1.2 The PQQ was published on the portal on 9 July and 15 submissions were returned on 1 August. 44 contractors originally expressed an interest in the opportunity. The main reasons for the low response were contractors' existing workload being too high and the size of the project not being suitable.
- 2.1.3 Following evaluation of the PQQ, 6 contractors were shortlisted and invited to proceed to submit a full tender on 1 September.

2.1.4 5 bids were received on 30 October.

2.1.5 The content of the PQQ and the ITT, as well as the final shortlist of contractors was agreed with the Heritage Lottery prior to publication.

2.1.6 The Heritage Lottery fund approved the selection of the preferred contractor at a meeting on 18 November 2014, when the final evaluation was presented to them.

2.1.7 Please refer to section 3.1 of the Exempt Appendix for details of the final bidders.

2.2 Evaluation Criteria

2.2.1 60% of the weighting of the tender was given to quality. The criteria evaluated the design and technical quality of the submissions as well as the contractors' ability to deliver specialist heritage building projects.

2.2.2 The quality criteria assessed:

- Design and technical proposals – particularly with regard to heritage properties
- Full appreciation of the desired outcomes and risks involved
- Programme and delivery proposals
- Quality and suitability of the team
- Working in close proximity to members of the public
- Economic and social benefits.

2.2.3 40% of the weighting was given to price.

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

3.1.1 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.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
1. Repair and restoration work to internal spaces and exterior fabric.	Monitoring and managing the project delivery plan	Project Manager	In line with the project delivery plan	The preferred contractor has extensive restoration and conservation experience
2. Installation of lift and shaft between the ground and second floors including alterations to existing lean-to structure.	Monitoring and managing the project delivery plan	Project Manager	In line with the project delivery plan	The preferred contractor has full appreciation of the project, and will provide detailed method statements and risk assessment of all work packages. These will be reviewed by Medway's design team including structural and mechanical and electrical engineers

<p>3. Reinstatement of the 17th century staircase between the ground and second floors, and refurbishment of the ground, first, second and third floors to create gallery spaces, offices, entrance hall and kitchen area</p>	<p>Monitoring and managing the project delivery plan</p>	<p>Project Manager</p>	<p>In line with the project delivery plan</p>	<p>The design for all elements will be reviewed and approved to ensure the correct materials are being used. Special materials will be ordered early in the programme to ensure on time delivery; the project will be reviewed periodically by the Heritage Lottery Fund.</p>
<p>4. Programme of learning, engagement and volunteering as set out in the activity plan.</p>	<p>As outlined in the Heritage Lottery Grant application</p>	<p>Project Manager</p>	<p>As outlined in the Heritage Lottery Grant application</p>	<p>The contractor will work with Medway to develop and programme to offer opportunities to local people</p>

- 3.1.2 The preferred contractor brings over 70 years' experience of renovation and refurbishment of buildings of historical and community experience, and specialist conservation and modernisation of heritage sites, using specialised craftspeople and quality materials to deliver exceptional results.
- 3.1.3 They have worked on some of the most prestigious buildings and projects in the country including museums, galleries, palaces, cathedrals, castles, listed buildings, period homes and country estates, along with many buildings of national significance, such as Sotheby's, Hampton Court, Bletchley Park, Kensington Palace, Windsor Castle and Chatsworth House.
- 3.1.4 The contractor is a holder of The Royal Warrant as Builders and Decorators to Her Majesty The Queen, for which they were awarded for providing exemplary work for the Royal Household.
- 3.1.5 Apprentices are at the heart of the preferred contractor's business, supporting career days at schools, encouraging interaction with the local community and working with local employment agencies to provide on-site training programmes to allow candidates to gain experience in their specific field or acquire work experience.

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Contract Delivery	Likelihood: Medium	Impact: Critical
Outline Description: Delays to programme due to undertaking conservation in winter months		
Plans to Mitigate: Contractors were asked to produce a schedule of works to complete on time, taking in to account the likely weather conditions, and consider the use of fully enclosed scaffold with temporary roof		
2. Risk Category: Service Delivery	Likelihood: Low	Impact: Critical
Outline Description: Scope creep through late client changes or requests for additional work		
Plans to Mitigate: Project Manager to discuss any requests with the project team to ascertain any time/cost impacts, and report these to stakeholder and HLF groups		
3. Risk Category: Legal	Likelihood: Low	Impact: Critical
Outline Description: Failure of project to meet grant conditions and Grade I listing requirements		
Plans to Mitigate: Strict monitoring of delivery of project outcomes		
4. Risk Category: Contract Delivery	Likelihood: Medium	Impact: Critical
Outline Description: Late discovery of hidden defects in the structure		
Plans to Mitigate: Project team to assess any such instances; implications to be reported back through stakeholder and HLF monitoring groups		

5. Risk Category: Service Delivery	Likelihood: Medium	Impact: Critical
Outline Description: Programme delays due to difficulties in sourcing long lead-time materials		
Plans to Mitigate: Contractor to work closely with their nominated supply chain and specialist suppliers, to ensure all items are manufactured to time and specification, and any issues are highlighted early to allow for amendments to the programme		
6. Risk Category: Health & Safety	Likelihood: Low	Impact: Critical
Outline Description: Conservation site in close proximity to members of the public		
Plans to Mitigate: Regular communications with the library and occupants of Eastgate Cottage by the contractor. Health and Safety signage to be displayed informing the public of traffic routes and danger zones. Delivery of materials and collection of waste to be programme outside of busy visitor times. Monitoring of health and safety plan by the project manager		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 3 December 2014 and supported the recommendation as set out in paragraph 7 below.

6. SERVICE COMMENTS

6.1 Financial Comments

- 6.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 7, will be funded from existing revenue budgets/will be funded from the Heritage Lottery Fund and Capital Fund as detailed in Section 2.1 Financial Analysis of the Exempt Appendix.

6.2 Legal Comments

- 6.2.1 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions. As this is high risk procurement the decision to award the contract is a matter for cabinet. The award is below the EU threshold for works.

6.3 Procurement Comments

- 6.3.1 As per the Contract Procedure Rules under section 3.3.1: 'All requirements above £100K must be advertised on the Council's Website, the Kent Business Portal and in the OJEU (where above the EU tender thresholds for goods, services or works).'
- 6.3.2 This procurement was carried out via a restricted procedure (non-OJEU) via the Kent Business Portal to comply with these rules, and to support the Council's procurement strategy to provide best value.
- 6.3.3 This procurement has achieved savings on the pre-tender estimate carried out prior to inviting contractors to submit a bid for the specified works. Once let, the contract should be carefully managed to ensure the works are delivered within the price submitted.

6.4 ICT Comments

- 6.4.1 Rochester High Street is not served by Virgin Media, although they provide the Council's corporate network, and so Virgin Media sub contract BT to provide the required circuits in Rochester. This is taking a while to resolve for existing projects, and so network connectivity to Eastgate House should be noted as a potential risk to IT requirements, due to the inability of the incumbent network providers to deliver a working solution within a reasonable time period, with the building's heritage status adding to the complexity of the work required.
- 6.4.2 For this reason, ICT will be involved at the earliest opportunity to ensure that any ICT requirements are included within the building

plans, and not identified after the building works have finished. This is to avoid any damage and repetitive building works, and to minimise delays. It would be prudent to ensure that the budget includes funding for an ICT project manager to ensure that all ICT requirements are identified, specified, procured and installed as required

7. RECOMMENDATION

- 7.1 Cabinet is recommended to approve the contract award for the contractor to carry out the conservation works at Eastgate House as set out in paragraph 3.2 of the exempt appendix, and achieving the outputs and opportunities described in paragraph 3 of the report.

8. SUGGESTED REASONS FOR DECISION

- 8.1 The project will conserve this wonderful building and heritage for generations to come opening it up as a distinctive, valued and vibrant community resource for Medway and our visitors.

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BACKGROUND PAPERS

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

Description of Document	Location	Date
Eastgate House Refurbishment Works Gateway 1 Report - Cabinet	http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=1176 0	29 October 2013
Medway Destination Management Plan	Hard Copy Only	July 2013
The Medway Cultural Strategy	http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=21706	2014 - 2019