

## **Cabinet**

**6 May 2025**

### **Gateway 1 Procurement Commencement – Gun Wharf RAAC Remediation & Refurbishment**

Portfolio Holder: Councillor Zoe Van Dyke, Portfolio Holder for Business Management

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#### **Summary**

This report seeks permission to commence the procurement for a principle building contractor to remediate the Reinforced Autoclaved Aerated Concrete (RAAC) panels and refurbish Gun Wharf.

#### **1. Recommendations**

- 1.1. The Cabinet is asked to note the contents of the report.
- 1.2. The Cabinet is asked to approve the recommendation to commence an open market procurement as set out at section 5.1.3. (Option 3) to pursue the procurement of specialist building contractors to address the RAAC panels and to refurbish and improve Gun Wharf, bringing it up to modern day standards.

#### **2. Suggested reasons for decision(s)**

- 2.1 The approach outlined is considered the most advantageous way to achieve value for money and attract the right contractor with a track record of successful delivery.

#### **3. Budget and policy framework**

- 3.1. The refurbishment of Gun Wharf aligns to the One Medway Council Plan, specifically:
  - 3.1.1. Priority 1: Delivering quality social care and community services  
Sub-priority:

- Provide creative, cultural and community services and facilities across Medway that everyone can access and benefit from

3.2. The refurbishment also aligns with several strategies and policies including:

- Medway Procurement Strategy and Social Value Policy
- Creative Medway Cultural Strategy
- Medway 2040 Regeneration and Economic Development Strategy
- Medway Town Centres Strategy
- Medway Skills and Employment Plan
- Joint Local Health and Wellbeing Strategy
- Medway Council Climate Change Action Plan

#### 4. Background and Procurement Deliverables

- 4.1. This programme of works came about due to the discovery of RAAC in Gun Wharf in October 2023. However, the scope of the programme has evolved beyond the remediation and repair of the building and now encompasses our aspirations of redesigning the interior and changing the way that we work and are perceived as an employer of choice.
- 4.2. We see this as an opportunity for us to 'reset' our working environment, changing the culture and attitude towards Gun Wharf as our headquarters, looking at more creative and innovative spaces in the building. We want to provide good conditions for our staff and a building we can be proud of.
- 4.3. We have set out with a clear set of principles, avoiding being entirely front facing whilst respecting community-centric design elements. The brief includes provisions for multi-functional spaces to accommodate established community groups and forums.
- 4.4. The overriding priority within the programme is to ensure that the building is safe and fit for purpose. This includes an element of future proofing, so that we are not only addressing the building's current issues, but also proactively managing works and investing in improvements that will ensure the building's longevity after it is handed back for full operations.
- 4.5. Throughout this journey, decisions have been prioritised based on the factors that are most important to Medway Council against the available budget to deliver the project, reflected in the prioritisation matrix below. Priority No.1

indicates the highest level of importance, while Priority No.5 signifies the lowest level of importance.



## 5. Procurement Options

5.1. The following is a detailed list of the options considered and analysed for this report:

### 5.1.1. **Option 1 – Do nothing**

This option would result in the loss of office space and leave the Council with an unusable facility that would be mothballed and continue to be a financial burden

### 5.1.2. **Option 2 – Utilise a framework or existing contract to meet this need**

A closed procedure and/or frameworks have been explored. However, with the specialist nature of the works this would severely limit competition and likely lead to an increase in cost.

### 5.1.3. **Option 3 – Open market procurement**

This would be the preferred route as it would open up to the whole market. The project would be aimed at specialist contractors with experience of remediating RAAC and working on heritage buildings and will be set out in the PQQ. This will maximise the number of potential returns.

**Option 3 is the recommended option.**

- 5.2. The table on the next page sets out the detailed advantages and disadvantages of each option from a procurement perspective:

Advantages	Disadvantages
<b>Option 2 - Restricted Procedure</b>	
<ul style="list-style-type: none"> <li>• Whilst this route may be less competitive, the specialist nature of the works may result in streamlined process, with a limited number of bidders capable of doing the work.</li> <li>• By inviting pre-qualified suppliers, the Council can ensure a higher standard and compliance with specific requirements</li> <li>• Helps to build stronger relationships, leading to better collaboration and longer term partnerships with potential suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Limited competition</li> <li>• There is a risk of perceived bias or actual bias</li> <li>• With fewer suppliers, potential higher costs to deliver the programme of works</li> <li>• New or smaller suppliers may be excluded from the process, limiting opportunities for fresh perspectives and innovative solutions.</li> <li>• This is typically a longer two-stage process where PQQ stage and ITT stage are separate. This would require a minimum 30 days, plus evaluation time for each stage.</li> </ul>
<b>Option 2 - Framework</b>	
<ul style="list-style-type: none"> <li>• Quicker route to market initially.</li> <li>• Consistency in procurement approach</li> <li>• A framework ensures that only vetted and reliable suppliers are selected</li> </ul>	<ul style="list-style-type: none"> <li>• This 'standardised' approach may not be suitable for unique or specialist needs, such as the RAAC remediation.</li> <li>• The Council may lose control of costs and programme once contractor is appointed which will likely lead to extended programme in the actual delivery along additional costs</li> <li>• Longer term relationship with suppliers can lead to complacency, reducing the incentive for suppliers</li> </ul>
<b>Option 3 - Open Procedure</b>	
<ul style="list-style-type: none"> <li>• Visible to a higher percentage of the market including specialists, meaning more competitive and a better price.</li> <li>• This process promotes fairness and equal opportunity for all suppliers, ensuring an unbiased approach The increased competition can drive innovation and potentially higher quality</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that sheer volume of returns may increase officer evaluation (to mitigate this, the PQQ and ITT can be packaged as one to streamline potential bidders.)</li> <li>• Risk of lower quality submissions</li> <li>• There can be an overemphasis on the lowest price at the expense of quality and other important considerations</li> </ul>
<b>Competitive Dialogue: N/A</b>	

## 6. Procurement Process Proposed

6.1. The preferred option would be to go out open tender inclusive of an PQQ and ITT, as officers feel that we would get a broader, more competitive response to deliver within a tight timescale.

6.2 It is recommended that the contract length be twelve months, split into works packages with the option to reduce/extend by mutual agreement, dependent upon the financial implications.

### 6.3 Contractual synergies

6.3.1 There are no similar contractual arrangements within the organisation that could potentially be combined with this opportunity. This is a specialist standalone project with specialist aspects meaning a bespoke tender aimed at specialists within the respected fields in the appropriate contract approach.

### 6.4 Evaluation Criteria

6.4.1 It is proposed that this be a 25/70/5 Price/Quality/Social Value split therefore allowing us to set a number of quality questions around the skills, experience, knowledge and delivery process of this specialist heritage scheme and eliminating contractors not suitable or experienced in this type of work without a track record of success.

6.4.2 Whilst not finalised at this stage, officers propose to evaluate bidders against the following quality criteria within the tender.

Question Criteria	Weighting (70%)	Purpose
Case Studies / References (within last 5 years)	Pass/Fail	To demonstrate experience of working in specialist buildings
Build Programme and Valuations	10%	Making sure they can achieve within the timescales and spend profiles
Health and Safety	10%	Ensuring a safe working environment
Environmental Impact	10%	Ensuring a small carbon footprint and future proofing the building for years to come
Resourcing / CVs	10%	Demonstrate appropriate level of skills, experience and knowledge of the delivery team
Delivery Method Statement	30%	Providing a Method Statement detailing approach to delivery of the works arrangements and post-delivery arrangements

## 7. Risk management

7.1. The following table highlights the key risks and actions to avoid or mitigate the risk.

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Delays to the programme	Lack of accurate data and inputs may delay the design brief.	Robust monitoring of progress and information requested. Programming specific time and dates with phasing within the relevant contracts.	BII
Increased costs to the RAAC programme	RAAC remediation and construction works may reveal need for additional works. This could lead to the remediation work accounting for a larger share of the budget than anticipated.	Early testing on RAAC will inform on our options.	BII
Lack of clarity in the programme design brief	Unless we clearly communicate our aspirations, the building may not be as successful as it could be.	Ensuring all partners and contractors understand the brief.	CII
Works delivered on time to brief	Time and budget constraints may dictate a less comprehensive refurbishment, compromising our aspirations.	Evaluation of what elements can be cost engineered alongside elongation of programme for certain elements.	BIII
Managing people aspects of the programme	Failure to consider impact on staff, including accessibility could lead to disengagement. The scale of remediation work will impact the budget available to deliver to all expectations.	A programme of stakeholder engagement and communications is being drafted.	BII
Procurement and governance delay works	Our procurement and governance procedures could cause delays to the programme as alignment of key milestones is critical.	Maintain an active oversight via programme plans with PMO support flagging at early stages where milestones are at risk.	BII

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Health & Safety monitoring	We need to ensure all on site are safe during works,	Ensure procurement process is robust and clear on the responsibilities and need for a work methodology that keeps both staff and contractors safe during construction. Consistent monitoring of the work processes thereafter.	CII
Economic climate impacts finance of the project	The national and international economic climate conditions lead to financial impacts for the project, materials, labour, goods and services.	Maintain delivery in accordance with the prioritisation hierarchy established. Break the tender of the project into individually costed areas that can be omitted should the need arise.	All
Lack of parking	Future LGR, expansion by incorporating Broadside staff and Brook MSC not being a permanent solution could lead to a lack of parking vs staff working at Gun Wharf offices.	The introduction of a staff travel plan as part of the wider people strategy for workers at Gun Wharf will seek to address this alongside cultural change and encouragement of greener forms of travel as part of the environmental considerations.	BIII

<b>Likelihood</b>	<b>Impact:</b>
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

## 8. Consultation

- 8.1. The majority of colleagues who work from Gun Wharf are contracted to do so. Should it be decided that remote working (i.e. work at home full time) is a viable option, contract variations and consultation would be required.
- 8.2. This will be largely dependent on space available whilst work continues, and when it is completed, and willingness from the workforce to be flexible.

## 9. Climate change implications

- 9.1. [The Council declared a climate change emergency in April 2019](#) - item 1038D refers and has set a target for Medway to become carbon neutral by 2050.
- 9.2. All Council officers have a responsibility to take action to reduce the carbon footprint associated with the services they provide. Work is ongoing to scope, design and deliver improvements to Gun Wharf that will improve the carbon footprint of the building, and this is part of the overarching Medway Council Climate Action Plan

## 10. Financial implications

- 10.1. The total budget for the programme is £22,263,266, including the move of CCTV monitoring hub into the building and the previously planned Council Chamber adaptations. To date, expenditure of £845,000 has been incurred with further commitments of £170,000.
- 10.2. A detailed monitoring schedule is tracking expenditure as part of the overall programme plan.

## 11. Legal implications

- 11.1 This procurement activity will be above the FTS threshold and therefore an FTS notice will be required.
- 11.2 The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").
- 11.3 Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.
- 11.4 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.
- 11.5 The process described in this report complies with the Public Contracts Regulations 2015 and Medway Council's Contract Procedure Rules.

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## Appendices

Appendix 1 – Diversity Impact Assessment

Background papers

None