

## **Cabinet**

**2 June 2026**

### **Gateway 1 Procurement Commencement: Innovation Park Medway South/Care for Medway**

Portfolio Holder: Councillor Teresa Murray, Deputy Leader of the Council  
Report from: Jackie Brown, Assistant Director for Adult Social Care  
Authors: Su Irving, Head of Adults Partnership Commissioning and the  
Lead for the Better Care Fund  
Tay Arnold, Regeneration Programme Manager

#### Procurement Overview

Total Contract Value (estimated): £44 million excl. VAT

Regulated Procurement: No

Proposed Contract Term: 24 months

#### Summary

This report seeks permission to commence the procurement of the Design and Build Contract for Innovation Park Medway South Care for Medway.

#### 1. Recommendations

1.1. The Cabinet is asked to agree to pursue the procurement of a design and build contract via open single stage procedure as per the preferred option identified in paragraph 7.2.4.1 of the report.

#### 2. Suggested reasons for decision

2.1. The recommended option allows unrestricted access to the market with all interested suppliers permitted to submit a tender, which can promote transparency, competition and value for money.

#### 3. Budget & Policy Framework

3.1. The Cabinet agreed in July 2025 to expand the scope of the project to include all of the Southern site. It was also agreed that Cabinet recommend to Full Council that £44M be added to the capital programme. As per Cabinet's decision a report will be brought back to Cabinet later this year

(October/November 2026) to agree commencing RIBA 4. Following this the contractors for building out the site will be appointed.

#### 4. Background Information and Procurement Deliverables

##### 4.1. Background Information

4.1.1. Provision of a new build 80-bed care home providing residential and nursing dementia care, and separate older persons independent living accommodation.

##### 4.2. Procurement Deliverables

4.2.1. As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
<b>Value for Money</b>	Contract price is within approved budget.	Client Quantity Surveyor	Completion of tender evaluation.
<b>Technical Capability and Expertise</b>	Recommended Contractor has demonstrable capability and expertise.	Tender evaluation team	Completion of tender evaluation.
<b>Financial Stability</b>	Recommended Contractor can provide a performance bond, pass credit rating requirements, and demonstrate ability to deliver this size of scheme.	Client Quantity Surveyor	Completion of tender evaluation.
<b>Programme</b>	Contractor is able to meet the expected completion dates.	Tender evaluation team	Completion of tender evaluation.

## 5. Parent Company Guarantee/Performance Bond Required

- 5.1. Performance Bond will be obtained rather than Parent Company Guarantee as the proposed Contractors are not likely to be part of a group structure.
- 5.2. This will provide further protection against financial loss and other contractual obligations e.g. planned completion and quality, recognising the significant importance and investment of this scheme.

## 6. Procurement Dependencies and Obligations

### 6.1. Project Dependency

6.1.1. This project is standalone and not linked to the delivery of Innovation Park Medway North. There will be a need to procure a care operator for the care home in the future but this is operational rather than build related for which the existing funds have been allocated for.

### 6.2. Statutory/Legal Obligations

6.2.1. Not applicable regarding the build contract.

### 6.3. Procurement Project Management

6.3.1. The management of this procurement process will be the responsibility of the Category Management team.

### 6.4. Post Procurement Contract Management

6.4.1. The management of any subsequent contract will be the responsibility of the Regeneration Programme Manager.

6.4.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs that support the delivery of the project outcomes as outlined in 4.2.1 will be included in the tender and will form part of any subsequent contract.

Title	Short Description	%/measurement criteria
Programme	The project milestones and completion dates are monitored and achieved.	30%
Commercial Control	Changes are dealt with effectively and collaboratively, with monthly forecasts of final account presented and reviewed.	30%

Quality Assurance	The final deliverable meets or exceeds the performance standards and specifications in the contract.	30%
Social Impact	Provide actual contribution to the community.	10%

6.4.3. The KPIs as denoted within paragraph 6.4.2 will be monitored on a Quarterly basis. Those not performing will be reported to the next available Regeneration, Culture, Environment and Transformation Departmental Management Team meeting for discussion and agreed remedial action.

## 7. Market Conditions and Procurement Approach

### 7.1. Market Conditions

7.1.1. Market conditions are considered to be competitive and to test this soft market testing has been undertaken.

### 7.2. Procurement Options

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

7.2.2. **Option 1 – Do nothing** This is not an option as without procuring a contractor IPM South will remain undelivered.

7.2.3. **Option 2 – Utilise a framework or existing contract to meet this need:** Whilst a framework offers the potential of a quicker tendering period with contractors that have been pre-qualified. No one single framework has been identified with contractors of the right size, location & relevant experience to ensure sufficient competition and value for money is achieved for this scheme.

#### 7.2.4. **Option 3 – Competitive procurement:**

7.2.4.1. Open (single stage) Procedure: This allows unrestricted access to the market with all interested suppliers permitted to submit a tender, which can promote transparency, competition and value for money. By allowing all interested and capable suppliers to submit a tender in a single stage, the authority benefits from a wider range of compliant bids, helping to achieve competitive pricing and innovative solutions while maintaining a clear, auditable, and straightforward procurement process with reduced time and administrative burden compared to a multi stage procedure.

7.2.4.2. Competitive Flexible (multi-stage) Procedure: Competitive Flexible (multi-stage) Procedure was considered due to its ability to support dialogue and iterative development for complex projects. This procedure allows for shortlisting, early market engagement, and refinement of design or commercial proposals prior to final tender submission.

However, in relation to the authority’s requirement, the advantages of this procedure were assessed as limited when compared to a single stage tender approach. The project brief, scope, and employer’s requirements are sufficiently developed to allow tenderers to price the works on a fully defined basis without the need for extended dialogue or negotiation. Introducing multiple stages would increase procurement duration, resource input, and without delivering propionate benefits.

In addition, a multi-stage process can result in increased bid costs for suppliers and may reduce competitive tension at later stages following shortlisting. A single-stage tender maintains full market competition throughout, provides clear and transparent value-for-money assessment, and aligns more effectively with the project programme.

7.2.4.2.1. Subject to approval, it is proposed the Open procedure is designed as follows:

<b>Procurement stage</b>	<b>Purpose/detail</b>	<b>Deadline</b>
Market testing	Contact contractors with relevant experience size and location to assess appetite in the market.	Completed
Issue tender documents	Provide the contractor with full suite of documents forming the employers’ requirements.	30/06/2026
Receipt of tender’s proposals	Contractors issue their proposal for assessment of the design team.	07/09/2026
Review of tender responses	To evaluate the tender responses prior to negotiation – fail any responses that fall under the pre-disclosed quality threshold.	21/09/2026
Tender report	Consultant team provide a detailed report as to their recommended contractor for review.	28/09/2026

<b>Procurement stage</b>	<b>Purpose/detail</b>	<b>Deadline</b>
Cabinet Report	Report issued for review of members including recommendations.	30/11/2026
Cabinet meeting	Decision as to whether to proceed to contract.	17/11/2026
Call off period	Period to facilitate challenge from tenders.	30/11/2026
Contract Award	Contract awarded to winning contractor.	30/11/2026

7.2.5. **Option 4** – Whilst procurement options such as traditional, management contracting, construction management, partnering, public – private partnership and negotiation exist they are deemed to be unsuitable for this development. This is due to the unnecessary risk they expose the authority too and do not align with the core objective of the scheme.

7.3. Contractual synergies

7.3.1. Not applicable

7.4. Advice and analysis

7.4.1. A design and build procurement route will be the most appropriate strategy when used along with a single stage tendering strategy for the Medway Care Home and Older Person Units project. The principal reasons are:

- Medway Council will only need to deal with one party. The level of management and co-ordination necessary by Medway Council is considerably lower than other types of contracts.
- Inherent buildability is achieved.
- Price and supply chain certainty are obtained before construction starts provided the employers requirements are adequately specified and changes are not introduced.
- Reduced total project time due to the overlapping of activities.
- There are no disputed responsibilities between design and construction. Liability is with the contractor. Dependent upon site wide infrastructure and logistics.
- Programme risk lies with the contractor once appointed.

These reasons reflect the main project drivers, in particular, earliest completion, high quality, and cost certainty.

7.4.2. It is recommended that the contract length be a 24-month term with the option to extend for 6months by mutual agreement.

## 7.5. Evaluation Criteria

7.5.1. A 60% quality / 35% price / 5% Social Value award criteria split is proposed as appropriate and proportionate to the nature and risk profile of the project.

The works involve delivery of a specialist new-build care home & bungalows, where quality factors such as technical competence, compliance with CQC and fire safety requirements, buildability, programme certainty, and long-term operational performance are critical to achieving the required outcomes. A higher quality weighting ensures that these factors are properly assessed and that tenders are evaluated on the basis of deliverability and risk management, not cost alone.

Current construction market conditions remain challenging, with continued inflationary pressures and supply-chain constraints. An over-emphasis on price would increase the risk of unsustainable bids, leading to greater likelihood of claims, variations, or delays during delivery. The proposed split maintains competitive pricing while supporting selection of a contractor offering a robust and realistic solution.

This approach is considered to provide the best assurance of value for money, quality, and delivery certainty.

7.5.2. (*Whilst not finalised at this stage*) Officers propose to evaluate bidders against the following quality criteria within the tender.

	Question	Weighting (%)	Purpose
1	Please provide examples of 3 relevant projects where you have undertaken similar works.	TBC	Understand that the contractor has successfully delivered similar schemes and suitably experienced.
2	Please provide a method statement on how you intend on executing the works.	TBC	This provides assurances the works have been fully understood and maybe undertaken in a safe manner. This also provides an early indication of any possible risks that may arise.
3	Demonstrate what procedures you as a business have in place to ensure that the highest of standards are	TBC	Ensure that the contractor has quality controls measures internally to ensure successful delivery of the project.

	Question	Weighting (%)	Purpose
	adhered to internally and maintained through your supply chain		
4	Provide a detailed programme detailing both pre and post contract deliverables.	TBC	Provides assurances that the works have been well thought through and deliverable with the timeframe.
5	Please outline how your company will embed the principles of the circular economy within the delivery of the project?	TBC	This ensures a proactive approach is taken towards sustainability by the contractor during the construction phase.

## 8. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Scheme becomes unaffordable	The returned tender sum exceeds the budget due to increased global prices.	Cost Plans are undertaken at the end of each RIBA stage as the design evolves and reassessed for inflation periodically.	CII
Market interest less than expected	The numbers of contractors that return tenders lower than expected and do not provide value for money.	Soft market engagement undertaken to ensure appetite.	CII
Market interest exceeds expectation	The number of the contractors that return tender submissions exceeds expectation and has a detrimental effect on programme.	Due to the nature and scale of the project the number of capable contractors will be restricted.	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
Planning, statutory or regulatory delays	Risk that planning approvals, conditions or regulatory requirements delay commencement of the project and impact programme.	Early engagement with planning and statutory consultees.	CII
Contractor financial failure or reduced financial capacity	Risk that appointed contractors financial position deteriorates over the term of the contract.	Financial checks to be undertaken precontract and a performance bond or PCG required as part of the tender. Post contract regular checks on progress on site and early signs of financial stress monitored.	CII

For risk rating, please refer to the following table:

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

## 9. Consultation

9.1. Soft market testing was undertaken in early 2026 to understand whether the proposed contract would appeal to the market.

## 10. Service Implications

### 10.1. Financial Implications

10.1.1. Funding for the project inclusive of the contract costs was agreed to be added to capital programme by Cabinet and subsequently Full Council in November 2025. Prior to awarding the tender a paper will be brought to Cabinet for permission to move to RIBA 4.

### 10.2. Legal Implications

10.2.1 This procurement activity will be above works threshold and therefore a tender notice will be required.

- 10.2.2 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").
- 10.2.3 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.
- 10.2.4 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.
- 10.2.5 The process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules.
- 10.2.6 This report has been presented as a high risk / key decision procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process.

### 10.3. TUPE Implications

- 10.3.1. Not applicable

### 10.4. Procurement Implication

- 10.4.1 As per the Contract Procedure Rules: 'All requirements above £25,000.00 must be advertised on the Kent Business Portal and over £25,000.00 on governments Contracts Finder.
- 10.4.2 The threshold value for works (£5.33M inclusive of VAT), which this project is clearly going to exceed. Therefore, Category Management have agreed with the service area in light of the market conditions, that an Open Tender Process would be the best option.

### 10.5. ICT Implications

- 10.5.1. Not applicable.

### 10.6. Climate Change implications

- 10.6.1. The project is targeting a BREEAM very good and through early engagement with specialist BREEAM assessor early credits have been secured. This early engagement has enabled sustainable elements to be incorporated into the design in areas such as energy performance, materials selection, sustainable construction practices, and site management and reducing the risk of abortive design decisions.

10.6.2. The quality aspect of the tender includes questioning on sustainable practices and circular economy to promote sustainable practices both during construction and within supply chains.

10.6.3. While construction activity will result in unavoidable embodied carbon emissions, these will be mitigated through early design decisions, consideration of low-carbon materials, waste minimisation, and contractor obligations to adopt sustainable construction practices.

## 11. Social, Economic & Environmental Considerations

11.1. In line with Medway Council's Social Value Policy, officers will include the following standard outcomes and measures (the units have also been included for illustrative purposes) within the tender. Whilst there will be no commitment for bidders to deliver against every line, the accumulative value provided by each bidder will be scored and form part of the price evaluation score.

11.2. The Social Value commitment from the winning bidder will be transposed into contractual KPIs.

<b>Outcomes</b>	<b>Measures</b>	<b>Standard Units</b>
More local people in employment	No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter	No. people FTE
More local people in employment	Percentage of local employees (FTE) on contract	%
Improved skills	No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time)	No. staff hours
Improved skills	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+	No. weeks
More opportunities for local MSMEs and VCSEs	Total amount (£) spent in LOCAL supply chain through the contract	£

<b>Outcomes</b>	<b>Measures</b>	<b>Standard Units</b>
More opportunities for local MSMEs and VCSEs	Meet the buyer' events held to highlight local supply chain opportunities	£ invested including staff time
Social Value embedded in the supply chain	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required	%
Creating a healthier community	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children	£ invested including staff time
Carbon emissions are reduced	Savings in CO2 emissions on contract achieved through de-carbonisation (specify how these are to be achieved)	Tonnes CO2e
Sustainable Procurement is promoted	Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)	% of contracts
Social innovation to create local skills and employment	Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.	£ invested - including staff time and materials, equipment or other resources

### Service Lead Officer Contact

Name: Tay Arnold  
 Title: Regeneration Programme Manager  
 Department: Regeneration Delivery  
 Email: [tay.arnold@medway.gov.uk](mailto:tay.arnold@medway.gov.uk)

## Appendices

Appendix 1 (Exempt) Financial Analysis

Appendix 2 (Exempt) Procurement Strategy Appraisal

## Background Papers

[Cabinet, 29 July 2025](#)

[Full Council Report, November 2025](#)