

REPORT No. 2

REPORT TO THE EXECUTIVE MEETING OF 11 JULY 2016

Meeting: Executive
Date: 11 July 2015
Subject: Harborough Innovation Centre; Café and Entrance Works
Report of: Mark Perris
Portfolio Holder: Councillor Phillip King; Financial & Commercialisation
Status: Decision
Relevant Ward(s): Lubenham

1. Purpose of the Report

1.1. To seek approval for the appointment of a contractor for the Café, Entrance and associated works to the Harborough Innovation Centre.

2. Recommendations:

2.1. To approve the procurement of a construction contract, in accordance with the SCAPE/empa ii national framework contract; and

2.2. Subject to approval of 2.1 above, delegate authority to the Corporate Director (BJ), in consultation with the Portfolio Holder, Financial and Commercialisation and the Head of Legal and Democratic Services to award, negotiate and finalise the contract.

3. Summary of Reasons for the Recommendations

3.1. To ensure that the Council appoints a suitable contractor to undertake the Café, Entrance and associated works contract within the project timescales.

4. Key Facts

4.1 Harborough District Council resolved at its Full Council meeting on 22 February 2016 to include £115,000 for the works at the Harborough Innovation Centre in the capital programme for 2016/17.

4.2 There are a number of construction contract procurement options available, including;

- Traditional - The design process is separate from the construction. Full documentation (i.e. drawings, work schedules, bills of quantities) must be supplied by the client before the contractor can be invited to tender for carrying out the work. This tends to be a slow process.
- Design & Build - This procurement works on the basis that the main contractor is responsible for undertaking both the design and construction work on a project.
- Management procurement is a method where construction work is completed using a series of separate works or trade contracts which the main contractor is responsible for managing. The contractor does not actually do the physical work, but is paid a sum for managing the project through the various works packages. In reality, to an extent this is how many of the two previous options are managed.

4.3 In addition, there is the option to utilise the Scape/empa ii (East Midlands Property Alliance) framework, as with The Symington Building redevelopment project. The framework has been developed in conjunction with the public sector having regard to their needs. For this Council, this framework approach would have the following benefits;

- One of the quickest routes to site commencement;
- Cheaper and time efficient procurement route;
- Having regard to the Council's current in-house resources would avoid the need to appoint several consultants to support the project;
- Open book approach to cost, ensuring the Council is able to demonstrate value for money. East Midlands Property Alliance (empa) has developed sophisticated models to help Councils with this aspect, which could be demonstrated if required;
- Utilise the contractors expertise to develop a cost effective design solution, by using knowledge such as this, most time and cost effective solutions can be identified at an early stage and avoid lengthy delays and thus cost increases;
- Form a partnership approach to find solutions to issues as they arise;
- Excellent Health & Safety record, important to avoid negative publicity and effect on Council's reputation;
- Framework ensures provision of apprenticeships to local young people, upskilling of current workforce and employment opportunities to local people, which with other Council priorities;
- Strong commitment to the Sustainability Agenda in reducing CO₂ emissions and waste through greater efficiency and recycling; and
- KPIs on use of local contractors.

4.13 Interserve are a contractor on the relevant section for this type and size of project. Initial discussions have been held with Interserve to establish whether they would be interested in undertaking the project.

5. Legal Issues

5.1 The Council would lay itself open to legal challenge if it failed to comply with EU procurement directives, UK law and its own constitution. These obligations require a degree of confidentiality whilst the tender process is current.

5.2 Award of the contract is subject to the Executive's approval; the option of deciding not to proceed is available.

5.3 The framework utilises the NEC form of contract.

6. Resource Issues

6.1 Funding of £115,000 has been allocated within the Capital Programme for the project, as identified in General Fund Revenue Estimates and Capital Programme Report to Council in February 2016. The Budget framework provides for a 10% tolerance on the approved capital programme if tender prices were to come in higher than the budget estimate. Costs in excess of this tolerance would need additional approval.

7. Equality Analysis Implications/Outcomes

7.1 There are no equality impacts as a result of this report.

8. Risk Management Implications

8.1 Failure to identify a contractor could jeopardise the future operation of the building, income and occupier retention.

9. Consultation

9.1 Consultation has been undertaken with Oxford Innovation.

10. Options

10.1 The options available to the Executive are;

- Delegate authority to the Corporate Director (BJ) in consultation with the Portfolio Holder, Financial and Commercialisation and the Head of Legal and Democratic Services to award, negotiate and finalise the contract, in order to meet the necessary timescales;
- To require a full tender to be undertaken to award the contract, but this will result in the preferred timescales not being achieved and is unlikely to prove cost effective due to current market conditions and difficulties currently being experienced in obtaining contractors tenders.

- Not to award the contract

11 Background Papers

11.1 None.

Previous report(s): Council 8 February 2016; General Fund Revenue Estimates and Capital Programme

Information Issued Under Sensitive Issue Procedure: No

Ward Members Notified: Yes

Appendices:

None