

NORTH SOMERSET COUNCIL DECISION

DECISION OF: COUNCILLOR STEVE BRIDGER EXECUTIVE MEMBER FOR ASSETS AND CAPITAL DELIVERY

WITH ADVICE FROM: THE DIRECTOR OF PLACE AND HEAD OF STRATEGIC PROCUREMENT



DECISION NO: 21/22 DP 177

SUBJECT: PROCUREMENT PLAN FOR THE PROVISION OF FIT-OUT WORKS IN UNITS 16/17 AND 24/25 TO PROVIDE WORKSPACE PROVISION, UNITS 10A AND 8A FOR THE BIKE HUB PROVISION AND THE WHOLE OF FOOD COURT AT THE SOVEREIGN CENTRE WESTON-SUPER-MARE

KEY DECISION: NO

REASON:

Procurement Plans are not considered key decisions

BACKGROUND:

After acquiring the Sovereign Centre investment in August 2018 an initial Business Plan was prepared which focused primarily on consolidating the income in the short term before reviewing the future direction that the Council might wish to take the centre in. Since that date the Council has adopted the Weston Placemaking Strategy which has set the Council's objectives for the town centre but, over the same period, town centre retail has been struggling with rents falling and vacant space increasing. This has been followed up with the Covid-19 pandemic crisis since March 2020 with two periods of lockdown/closure adversely impacting further on the operation of the centre.

A revised Business Plan has been approved for the centre which identifies the challenges, opportunities and vision for the investment over the next 3 years.

The Vision set out within the new Business Plan is that the Sovereign Centre will:

- Diversify its sources of revenue.
- Develop a financially sustainable position.
- Provide compelling reasons to visit and stay.
- Be useful to the people of Weston.
- Engage with the community.
- Be greener and more efficient.

- Support better outcomes for residents.

The first element will involve the conversion of some of the vacant retail space to create workspace to cater for creative, maker, engineering and desk-based uses in line with the adopted Weston Placemaking Strategy. The proposal will augment the local workspace offer and bring significant direct and indirect economic benefits to Weston-super-Mare town centre, boosting local economic recovery, taking advantage of the post-Covid economy and transitioning to a low carbon economy. Recent research suggests a shift in behaviour change as commuters are choosing to stay local by using co-working hubs with high-speed internet connectivity rather than travel.

Turner Works have developed a Stage 3 document and are in the process of finalising the Stage 4 document, for the light touch refurbishment and repurposing of specific units of the Sovereign Centre, WsM. The units to be included are 16/17 and 24/25 for the workspace provision, units 10a and 8a for the bike hub as well as the whole food court.

We are now looking to appoint a contractor to work with NSC from RIBA stage 5 onwards, to assist in the finalisation of the design and completion of the construction stage.

DECISION:

That the procurement plan as set out in this decision is approved.

REASONS:

Route to Market

The estimated cost of the works for the scheme is circa £1.3 million.

The following procurement matters have been considered.

Framework Agreements

The council does make use of the Scape framework for some of its major works schemes. Under the framework the available option would be to use a single supplier framework arrangement administered by Kier. The value of this scheme is at the lower level of the framework envelope and therefore may not be as an attractive opportunity to the supplier. Whilst the framework allows a direct route to contract it may not necessarily deliver the best value and its use would prevent the potential of directly contracting with local companies.

Alternative construction framework arrangements have been considered but it has not been possible to identify a framework that is directly relevant to the scope of this work and provides opportunity for a range of local contractors.

Open / Restricted (two stage) tendering

The use of an open / restricted tendering exercise would give local / regional suppliers opportunity to apply for or bid for this contract rather than the use of a framework agreement, and this is considered to be an important objective of this scheme.

With an open (single stage) process the council would go out to the market once the final design has been signed off, with the opportunity being open to all bidders. This approach has the advantage of a later tendering date. However, with an open tender there is the possibility of receiving a large number of submissions which could require longer technical and financial assessments periods which could push back the contract award date. Open tenders may not achieve best overall price consideration, as bidders may not full resource their tender considerations, balancing the time needed to tender against their probability of winning.

With a restrictive (two stage) process the council would issue potential bidders with a Selection Questionnaire (SQ) and then selected a limited number of bidders to be invited to tender. With the pre-qualification of bidders this can reduce time needed for tender evaluation and the evaluation can give more focus to specific scheme delivery matters. A two stage process can also encourage shortlisted bidders to better resource their tender considerations as they should have a high probability of winning then through an open tender.

For this scheme it is proposed that a restricted process is the preferred option providing:

- Early ability to assess and shortlist suitable contractors;
- Potential better tender engagement from bidders;
- Opportunity for local/regional suppliers to be involved.

It is proposed that at the SQ evaluation stage 5 bidders are shortlisted for invitation to tender. This would limit the overall numbers going forward whilst at the same time providing a reasonable level of competition.

Contract Arrangements and Management

The design team will take designs to the completion of stage 4 (completion of technical design). It will be the responsibility of the contract to then take on the works through stage 5 and 6 (Manufacturing and construction and handover). It is proposed that a JCT Design and Build contract is used, which is widely used with the market.

The contract will be managed through the Weston Stores Project Team, with Inner Circle Consulting providing the overall Project Management responsibility for the council.

Tender Evaluation

Tenders will be priced on the basis of a Fixed Price Submission, providing greater certainty of overall scheme costs and financial deliverability at time of tender return.

As a two stage process is proposed more emphasis can be given to price, for tender evaluation, as all bidders will already have been assessed on their ability to deliver a scheme of this nature. It is therefore proposed that tenders are evaluated on the bases of 70% price and 30% quality.

At tender evaluation stage it is proposed to consider the following main quality criteria

- Approach to maintain quality during delivery
- Project management and resourcing
- Programme and risks

Social value

An important consideration of this scheme is to provide opportunity for local /regional suppliers to tender. At the SQ stage project specific questions will be asked about previous experience of working in the region / working with local supply chains. At tender evaluation stage consideration will be given to specific deliverables that companies can offer within the local area, through the social value question.

Proposed timetable

The following timetable is proposed.

Publish Expression of Interest SQ	w/c 30 August 21
Expression of Interest end date	Mid Sept
Evaluate and shortlist applicants	Mid Sept
Publish tender	Late Sept
Tender end date	Late Oct
Tender Evaluation	Early Nov
Award decision	Late Nov
Award of Contract	Early Dec
Design and Build Period	Dec-Jan 22
Start on Site	Jan 22

When the Expression of Interest has been advertised this will be supplemented with direct contact with a range of local / regional contractors who the council would be interested in applying for this opportunity.

OPTIONS CONSIDERED:

As detailed within Reasons section above.

FINANCIAL IMPLICATIONS:

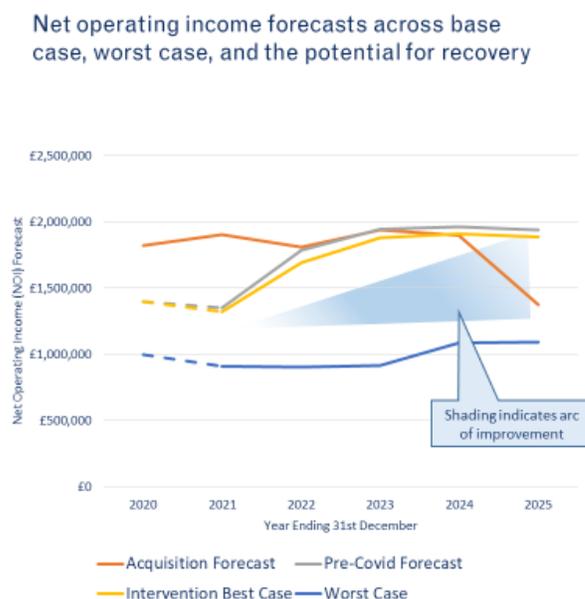
The due diligence work carried out prior to the acquisition of the centre recognised the risk that the Net Operating Income might fall, particularly post 2024, and for this reason an annual smoothing reserve figure of £300,000 was built into the budget. However, the lockdowns and tiering associated with coronavirus have had a significant impact on income which could not have been foreseen. Starkest of all has been car parking revenue with a fall of circa 50% of car park revenue for 2020 compared to 2019.

There are challenges, but by supporting the return of visitors we can support the core income from existing retailers and the car park. Diversifying the income across workspaces, education, economic development, events and community engagement will bring new uses to redundant spaces to improve the net operating income position. The interventions proposed in the Business Plan can move the income profile back towards the position planned at acquisition although some revisions to the base budget have been reflected within the Medium Term Financial Plan to ensure that a realistic budget is set until that time.

Net operating income forecasts across base case, worst case, and the potential for recovery case is shown in the Business Plan as follows:

FINANCIAL SUSTAINABILITY BY PLACEMAKING.

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Costs

Capital Costs associated with first phase of works – addition to the capital programme

Cost Heading	Total projected expenditure
Design development, project management, reports, surveys	£304,684
Construction Works	£1,291,129
FF&E	£40,000
Design and construction contingency	£109,746
Inflation and Rounding	£74,442
Total	£1,820,000

As can be seen from the table above, the current cost estimate for the capital related works to the Centre in order to deliver the first phase of works is £1.82m. This estimate is slightly in excess of the grant funding being secured through WECA and, therefore, if the successful tender is not below this level further value engineering work will take place with the successful contractor. All such costs will be charged to the capital programme.

Funding

As noted above, the Council has submitted a bid to WECA to access a share of the Getting Building Funding, and the anticipated profile of this income, along with an Access grant from the Department of Transport is shown in the table below.

Capital Expenditure

	2020/21	2021/22	Total
NSC Reserves	£240,000	-£240,000	0

Getting Funding	Building	0	£1,700,000	£1,700,000
DfT Access Funding		0	£65,000	£65,000
Total		240,000	£1,525,000	£1,765,000

The grant funding will be claimed from WECA on a quarterly basis after it has been expended and will be subject to the usual audit processes. As design and development works will take place in advance of WECA approvals these will initially be funded from monies set aside within the Council's ear-marked reserves, which will subsequently be replaced when funding is formally approved.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

North Somerset Council declared a Climate Emergency in 2019 with an ambition to become a carbon-neutral Council and area by 2030. The project will exemplify the Council's Corporate Plan priorities by undertaking a number of actions:

- Repurposing an existing asset
- Reducing the need for private vehicle traffic in North Somerset through the promotion and support of green travel, including the possible accommodation of a cycle hub and cycle storage within the food court area thereby reducing the need for carbon-heavy travel
- Encouraging sustainable journeys both for leisure and commuting purposes by exploring a cycle hub which will rent and service cycles in order to make them available to more community members and pro-long cycle lifespan, as well as connecting with coastal cycle routes and building community infrastructure
- Incorporating energy efficiency into building operations, including a potential for solar panels, wind production, and rainwater collection. This includes measuring energy usage to monitor and benchmark carbon emissions.
- As more people work closer to home or remotely, thanks to the presence of flexible working spaces, more people will be encouraged to reduce travel, stay local, and support the 15-minute city. This concept, rooted in the idea that a resident is within 15-minutes of their day-to-day needs, helps reduce carbon emissions and reduces harmful air pollutants.

The project design stages will seek to maximise the reduction of carbon emissions through changes to the asset. Interventions will be monitored and reported upon completion of the works and operation of space.

CONSULTATION

A significant amount of consultation took place as part of the recently adopted Weston Placemaking Strategy which includes the Sovereign Centre and the provision of new workspace in place of retail space.

In order to achieve the significant benefits and transformative change to the area, the project will require further partnership working with workspace operators and local stakeholders.

Further consultation will take place through any planning application process that might be required.

LEGAL POWERS AND IMPLICATIONS

All appointments will be procured in line with the Council's Contract Standing Orders, and UK procurement legislation as required.

RISK MANAGEMENT

The following risks and mitigation measures have been considered:

Risk	Mitigation
Final post-tender costs exceed available budget	Seek further funding if possible. Only proceed if risks considered acceptable / manageable.
Too few bidders respond to the procurement	Potential bidders will be approached to ascertain interest in the tender. The contract information will be presented in a way which is appealing to a wide variety of contractors.
Ability to spend WECA funding by March 2022	Review alternative options such as use of a payment bond or enhanced valuations.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? No

CORPORATE IMPLICATIONS

This scheme is being delivered and managed through the Place Directorate.

BACKGROUND PAPERS

Report to Executive: 3rd February 2021

Subject of Report: Approval of Business Plan for the Sovereign Centre and Commissioning Plan for appointment of consultants and contractors to undertake works

to convert vacant retail space into new mixed-use space and approval of Commissioning Plan for appointment of an operator to manage the space

SIGNATORIES:

DECISION MAKER(S):



Signed:
Delivery

Executive Member for Assets and Capital

Date: 7 September 2021.

WITH ADVICE FROM:



Signed:

Director of Place

Date: 7 September 2021.



Signed:

Head of Strategic Procurement

Date: 6 September 2021.