

Report of	Meeting	Date
Head of Governance (Introduced by the Executive Leader)	Executive Cabinet	15 August 2013

## REFURBISHMENT OF 98-102 MARKET STREET – CRITERIA FOR THE AWARD OF THE WORKS CONTRACT

### PURPOSE OF REPORT

1. To advise the Executive Leader of the tender procedure being used to procure this contract and to obtain authority for the use of the criteria intended to award the contract.

### RECOMMENDATION(S)

2. That the tender process for the award of the contract be approved.
3. That the award criteria detailed at paragraph 24 be approved.
4. That the award of the contract be delegated to the Executive Leader for approval.

### EXECUTIVE SUMMARY OF REPORT

5. In November last year the Executive approved in principle the refurbishment of the former McDonalds site for retail use. This involved the demolition of 98 Market Street with a scheme for the remaining buildings to be brought back to the Executive for consideration.
6. On 21 March this year Executive Cabinet decided to implement a scheme which would deliver 3 retail units with shop frontage on Market Street. The building to the rear of 100-102 Market Street would be demolished (in addition to 98 Market Street) and a service yard would be created in this area. This scheme has been properly worked up and designed.
7. In addition provision has been made for an additional retail unit, a kiosk, to be situated in the area formerly occupied by 98 Market Street. The proposed layout has been submitted to Planning and a consent for the demolition works, 3 units and additional kiosk has been approved. There is no obligation to build the kiosk but the opportunity is there.
8. Based on the approved design and layout, invitations of interest were invited from contractors who were asked to complete a prequalification questionnaire.
9. In all the Council received 25 responses and questionnaires. Those who are successful will be invited to tender for the works. The assessment of these tenders will be based on the following criteria:-
  - a. 80% Cost
  - b. 20% Quality

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### REASONS FOR RECOMMENDATION(S)

#### (If the recommendations are accepted)

10. The Council's contract procedure rules require the procurement process and assessment criteria to be approved by the Executive. The procedure implemented provides an open and transparent process for the award of the contract. The use of the pre qualification questionnaire enables the Council to limit the parties who are asked to tender for the works

to those who satisfy preliminary tests. This will limit the number of technical bids meaning a speedier and more efficient contract award process.

11. The Criteria are those suitable for this type of contract.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

12. Previous decisions relating to this site have addressed the type of works to be undertaken. This report concerns the award of the refurbishment contract and the process to be followed.
13. The award could have been following a full tender process, but it was felt this would be lengthy and more complicated due to the number of likely tenders. Each would have then had to have had a technical bid to consider. This would have extended the time taken and the cost to the authority.

### **CORPORATE PRIORITIES**

14. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	X
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

### **BACKGROUND**

15. The former McDonalds building and neighbouring premises were purchased by the Council with a view to renovating them into smaller units for let to starter businesses.
16. Having considered the site it has been decided to demolish 98 Market Street and a part of the building to the rear of 100-102 Market Street and create 3 units with frontage onto Market Street. In addition there will be a service yard to the rear of the premises.
17. There is an option to build a Kiosk type shop in the area formerly occupied by 98 Market Street to provide another unit and improve the public realm.
18. Planning permission has been granted for the above proposals and the works have been specified in outline with a view to operating a procurement process for the refurbishment works contract.
19. In parallel to this the Council are working to redevelop the area to the rear of 98-102 Market Street into a public car park and there is a report before Cabinet tonight updating on progress.
20. The Units (including the kiosk) have been marketed for expressions of interest in taking leases. This is with a view to working with any prospective tenants to ensure that the units (the layout etc.) are appropriate for their needs.

### **PROCUREMENT**

21. Due to the nature of the works the Council's property agents recommended that the contract is awarded under a Pre-Qualification Questionnaire process which enables the Council to then invite those who have expressed an interest and qualified to deliver the works to provide a tender for the works.
22. This had the benefit of limiting the number who could provide a full tender to those contractors who have satisfied the initial criteria. This means there would be fewer technical bids to consider thus saving the council time and money.
23. The Council received 26 expressions of interest through the PQQ process. Of this number there are 7 who have been selected to submit a full tender. We are advised that this will ensure the market has been properly tested and the Council receive a competitive bid.
24. The bids will be assessed on the scoring matrix of
  - a. 80% cost
  - b. 20% quality.

This is the usual split for this type of contract. As a local authority we are obliged to ensure that cost is a significant consideration in any contract award.

25. Executive Cabinet are asked to approve this scoring matrix.
26. It is envisaged that the tenders will be assessed during the end of August beginning of September with a contract being awarded after that period. Cabinet are asked to delegate to the Executive Leader authority to agree to the award of the contract on the basis of that scoring matrix. This will ensure that there are not any undue delays in progressing this contract.
27. The contract award will be subject to the Alcatel 10 day standstill period and will be formerly offered to the winning contractor if there are no challenges to the award.

## **PRE-LETS**

28. Economic Development have undertaken a marketing exercise advertising the proposed units as pre-lets to new or new to the area businesses.
29. The stated aim of the refurbishment is to provide starter units which are within the control of this authority and can be used to stimulate the town centre economy and promote business growth.
30. To date there have been 11 expressions of interest in taking a lease of the one of the premises, including the kiosk. They are from a variety of businesses and represent the aspirations for the town centre and include businesses that will contribute to bringing customers into the town and the town centre offer.
31. These initial expressions are being pursued to a second stage where there will be greater engagement with the businesses to establish their suitability.

## **THE KIOSK**

32. As stated above, planning permission has been approved for the building of a kiosk in the area currently occupied by 98 Market Street following its demolition. This proposal was included in the application (although it didn't form part of the recommendation adopted by the Executive Cabinet) for 2 reasons.
33. Firstly, the condition of the gable wall of 100 Market Street is uncertain. Members may recall from the previous report that despite it appearing that 98 and 100 Market Street shared a party wall, they were in fact 2 wholly separate buildings with their gables built against each other. The condition of the gable wall cannot be established until the demolition of 98 has been completed. If the condition is poor, the addition of a kiosk, coming off that wall, will limit the cost of improving it. There will be an additional spend to building the kiosk, but this will be limited and the unit will provide an income.
34. The second reason is that some public realm works will be needed to address this space. A kiosk would complement this reducing the cost of the public realm works and again provide an income.
35. An estimated cost of the build of the Kiosk is £35,000. It is proposed to leave a decision on the build of the Kiosk until such time as the condition of the wall has been assessed. Given the relative spend, this is an issue that can be decided by an Executive Member Decision.

## **FINANCIAL UPDATE**

36. The current estimate for the refurbishment to 3 units is £250,000 which includes £50,000 for the demolition works. Liberata have advised that there may be an additional cost in relation to the dividing wall in 102 Market Street. There is some concern that the foundations are inadequate to take the weight of a solid (as opposed to stud) wall. A report has been commissioned to consider the foundations.
37. The estimated rental incomes are -
  - a. £15,000 p.a. for each of the new units created within 102 Market Street;
  - b. £10,000 p.a. for the unit at 100 Market Street; and
  - c. £7,250 p.a. for the Kiosk.

## IMPLICATIONS OF REPORT

38. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## COMMENTS OF THE STATUTORY FINANCE OFFICER

39. Council on 28<sup>th</sup> February 2013 approved a £1 million Regenerations Projects budget in the 2013/14 Capital Programme. The refurbishment (£200,000 estimate) and demolition (£50,000 estimate) would be funded from the Regeneration Projects budget. Once the contract has been awarded, the actual budget requirement will be identified separately in Capital Programme monitoring reports.
40. My Capital Programme monitoring report on this agenda indicates that up to £165,000 of the Regeneration Projects capital budget would be required for the project to surface and resurface three Town Centre car parks, including the temporary car park to the rear of these Market Street premises. The cost of the project would be reduced by £40,000 if overnight working to resurface the Flat Iron car park is not required.
41. The uncommitted balance of the Regeneration Projects budget after approval of these projects would be £585,000. However, there are issues to resolve in respect of the refurbishment scheme, in particular the solution required for the gable wall of 100 Market Street, the dividing wall of 102 Market Street, and the public realm works on the site of 98 Market Street. In addition, construction of a kiosk, if required, is estimated to cost £35,000, though it should generate £7,250 rental income each year.

## COMMENTS OF THE MONITORING OFFICER

42. The Council's contract procedure rules require that the Executive Cabinet approve the contract award criteria. Once approved the award of the contract must be made within that matrix and the award of the contract can be delegated to the Executive Member.

Chris Moister  
Head of Governance

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	6 August 2013	***