

## Department For Levelling Up, Housing and Communities Externally Funded Projects Approvals - Procurement

<b>Cabinet</b>	14 March, 2024
<b>Report Author</b>	Mike Humber, Director of Environment
<b>Portfolio Holder</b>	Cllr Everitt, Leader of the Council
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Reasons for Key</b>	The report involves a decision about incurring expenditure, by the Council, which is anticipated to be £250,000 or above.
<b>Previously Considered by</b>	<a href="#">Cabinet - 25 January, 2024</a> - Ramsgate Regeneration Programme <a href="#">Cabinet - 29 February, 2024</a> - Margate Regeneration Programme <a href="#">Cabinet - 21 September, 2023</a> - Simplification Pathfinder Pilot <a href="#">Cabinet - 2 March, 2023</a> - Future Delivery - Port of Ramsgate
<b>Ward:</b>	Central Harbour and Cliftonville West

### Executive Summary:

In order to deliver projects within the Department for Levelling Up, Housing and Communities (DLUHC) capital regeneration programmes there will be a number of approvals required as part of the council's constitution and our key decision making process.

This report requests approval for the procurement of a number of service contracts in order to support the delivery of Ramsgate and Margate projects. The projects are all part of the Simplification Pathfinder Pilot that has been approved by Cabinet, with the capital funding allocated within the councils budget.

The services required are for Project Management including the remaining design, construction and handover phases; Design Teams; specialist Ro-Ro berth surveys; and cost consultant services.

## **Recommendation(s):**

That Cabinet approves Option 1 set out in section 3 of this report and agrees the following:

1. To agree expenditure in excess of the key decision threshold and as estimated at paragraph 3.1 of this report, for the procurement of external project management support for the remaining design, construction and handover phases of the Walpole Bay Pavillion project and Ramsgate Levelling up projects.
2. To agree expenditure above the key decision threshold and as estimated in paragraph 3.1 of this report, for the procurement of necessary Berth survey work for the second phase of the work in respect of the Ro Ro Ferry service.
3. To agree expenditure above the key decision threshold and as estimated at paragraph 3.1 of this report, for the procurement of cost consultant support for the technical design, construction and handover phases of the Margate Town Deal and Ramsgate Levelling up projects.
4. To agree expenditure above the key decision threshold and as estimated at paragraph 3.1 of this report, for the purposes of the Engagement of Full Design Teams for the Remainder of the Design and Delivery Period in respect of the following projects:
  - Port Infrastructure
  - Green Campus

## **Corporate Implications**

### **Financial and Value for Money**

The spending decisions requesting approval are for projects that have already been approved to be delivered as part of the Pathfinder Simplification Pilot and they have received budget approval within the capital programme. The projects are required to be fully funded from external grant funding allocations and there is currently no scope for Council investment in these projects.

In accordance with the council's key decision framework, Cabinet approval is being sought to incur expenditure in excess of the '£250,000 or above' threshold. It is anticipated that spending against each headings in this report can be met from existing approved budgets. Further Cabinet approvals will be sought in the event the approved budgets are insufficient to meet planned expenditure.

We have already received part of the funding to commence delivery and all future DLUHC funding will be drawn down in advance of any works being undertaken. The Section 151 Officer is required to scrutinise and approve regular monitoring returns to DLUHC. These returns will cover actual and forecast spend, alongside programme delivery and output metrics.

The council is required to provide regular monitoring and evaluation returns to central government. An outcome of being part of the Simplification Pathfinder Pilot is that the council will have a streamlined approach to the monitoring and evaluation requirements. The three programmes - Future High Street Fund, Town Deal and Levelling Up have been

amalgamated into one programme of reporting. Officers have received draft return documents and are waiting for the final versions from central government.

## **Legal**

In accordance with the provisions set out in Part 3 of the Council's Constitution and under the Leader's scheme of delegation, all key decisions are to be taken by the Cabinet.

In the event that Cabinet agrees to the recommendations sought, the procurement of services must comply with the Council's financial regulations as well as the Public Contract Regulations 2015. The Council's financial regulations permit the use of Frameworks for procurement. The use of a Framework has the advantage of time efficiency in that due diligence has been carried out in advance of a firm's acceptance onto the framework.

The Council has a statutory duty to achieve best value. This should be at the forefront of all decision making and clearly evidenced as part of the procurement process.

## **Risk Management**

Through the development and delivery of previous regeneration projects, the council has established the apparatus and experience for reviewing and managing the various key risks of delivering large capital programmes, including those which rely on ongoing management, improving heritage buildings, and enhancing protected coastal environments.

The council is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the external funding programmes are exposed.

As part of the development of the projects robust risk registers were developed. The registers are live documents. The risks categorised in the Risk Register as "High" are reviewed regularly, and those that provide a significant risk to the achievement of the Council's corporate objectives will be included on the Council's corporate risk register.

Through the monitoring and evaluation process for the three programmes the most significant risks have been reported back to the Department of Levelling Up, Housing and Communities on a quarterly and six monthly basis in the monitoring and evaluation reports.

## **Corporate**

The services commissioned and surveys identified within this report will help the council to deliver against Priority 4: creating a thriving place as part of the council's new Corporate Plan 2024-28. By commissioning these surveys and consultant teams, this supports the aim of reviving the towns of Ramsgate and Margate and by delivering the projects we will strengthen the local economy and do what we can to enable the whole community to take more pride in living here. In delivering these government funded multi-million pound regeneration schemes we will be actively supporting Thanet's important tourism and cultural sectors.

## **Equality Act 2010 & Public Sector Equality Duty**

*Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.*

*Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.*

The proposal has limited relevance to the duty in respect of the protected characteristics. It is the officer's assessment that the duty is not engaged by this proposal.

This proposal is for the appointment of consultants to complete survey works, and provide professional services in relation to project delivery across the government funded schemes in Ramsgate and Margate; at this stage in the project there is little impact on the community. Public Sector Equality Duty will be reassessed as this project progresses through further stages.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Priority four: To create a thriving place

### **1.0 Introduction and Background**

- 1.1 As part of the delivery of the Department for Levelling Up, Housing and Communities capital regeneration programmes there will be a number of approvals required as part of the council's constitution and our key decision making process. This report requests approval for the procurement of services required for the next stages of delivery of schemes that are part of the Simplification Pathfinder Pilot.
- 1.2 Spending approvals are required to commission a number of services to move the projects forward within the Ramsgate Levelling Up Fund and the Walpole Bay Pavillion project. This includes specific key decisions for project management, cost consultancy and berth surveys, and for the engagement of full design teams for the remaining project stages. Individually only two of the design team appointments have the potential to reach the values of the Council's key decision framework, however the overall commitment through the external funding will be notable and therefore approval to move forward is being sought for all appointments.
- 1.3 Details on the key decisions are identified in Section 2 of this report.

## 2.0 Activities Requiring a Key Decision

### 2.1 Project Management - Remaining Technical Design, Construction and Handover Phases

Approval is sought for the procurement of the external Project Management support services required for the next RIBA (4-6) stages of delivery of schemes that are part of the Simplification Pathfinder Pilot.

The procurement exercise for this appointment needs to start in March 2024 to ensure that the schemes that are part of the Simplification Pathfinder Pilot have continued support from external consultants. It is estimated that the value of the tenders for this appointment may be greater than £250,000 and a contract award is therefore subject to a key decision. The procurement route for this appointment has been discussed at the Internal Project Board meeting and it is anticipated that the award is likely to be direct, through a compliant framework.

The appointment of this consultant team is vital to the continuing progression of a project within the Margate Town Deal programme and the Ramsgate Levelling Up Fund projects. Without the required additional support from external consultants, projects would stall, programmes would become unachievable and the council would become increasingly vulnerable to inflationary pressures and prolongation costs. Delay, or non-appointment of external Project Management support, also exposes the potential for the projects not to meet the outputs prescribed by DLUHC and therefore ultimately risk withdrawal of funding.

On the basis of the timescales to deliver these projects most local authorities delivering these significant schemes will have external project management teams provide support and capacity to the internal client team. Ensuring that we have the right set of skills from the external project team, to sit alongside the council's internal team will be fundamental to this commission in order to keep moving the projects forward at pace.

### 2.2 Ro-Ro Berth Survey - (Port Infrastructure)

The Port Infrastructure project focuses upon the reintroduction of scheduled Ro-Ro ferry services from Ramsgate. A report to Cabinet on 25 January 2024 provides a detailed update on the Ramsgate Regeneration programme, including the port infrastructure project.

The project includes both marine based works (such as the refurbishment of berths 2 and 3), and land based works needed to support ro-ro ferry operations (such as facilities for UK Border Force). There are four principal programme stages to the marine based works as follows:

- Survey Scoping
- Berth Survey

- Remediation Design
- Construction

Tenders have recently been received for the second of those four stages (Berth Survey) which will inform the design and refurbishment specification. The recommendation in this report relates to the key decision to award a contract for the berth survey work.

The procurement for the surveys was initiated on 10 November 2023 with an estimated value of £130,000. As part of this procurement, external consultants were appointed to prepare a detailed specification for the surveys to avoid bidders pricing survey content with a varied scope. This methodology therefore ensures consistency in the content of the survey work included in tender returns.

Despite the thorough approach which led to the estimated survey costs, the value of the tenders returned are anticipated to be higher than the pre-tender estimate and anticipated to be in excess of £250,000 and any contract award is therefore subject to a key decision. Tenders are not awarded on price alone and are subject to evaluation criteria with a combined weighting of Quality and Cost to identify the most economically advantageous Tender. Mandatory due diligence criteria would also be required to be met.

Between a quarter and a third of the value of the tender prices received from bidders is for provisional items such as day rates for specialist services including divers, marine surveyors, access plant and safety vessels. These provisional items are in addition to all services required to complete the specified survey and are included in the tender value to ensure that they are priced on a competitive basis. However the use of these items will be at the council's discretion (as client) as the survey work progresses in response to any unforeseen issues that may arise. The provisional items may not be needed or may be spent in part or in full depending upon need in order to fulfil the survey objectives. The pre-tender estimate would have been approx £200,000 had these provisional items been included.

Some of the survey work requires sub contractor input such as diving, safety vessel services, specialist access and some material testing methods. The cost of some of these activities is higher than anticipated in the pre-tender estimate. This factor in combination with the value of the provisional sums is considered to be the reason for the difference between the pre-tender estimate and the range of tender values received from bidders.

The survey will inform the design work and will also provide us with a contemporary cost estimate for the construction works. The critical path of the programme for the port infrastructure project runs through the berth survey work and the cost estimate output will inform the separate port concession procurement exercise.

The completion of this survey will allow the project to move to the next stage - Remediation Design which will be followed by the last stage - Construction. As identified in the Cabinet report on 25 January this is a critical element for the council decision making process. Without the information as to the potential costs of the

berth works the council will not be able to move forward to deliver the Levelling Up Fund project, or be able to go out to identify a third party Port Operator, which was approved as a direction of travel for the Commercial Port by Cabinet in March 2023.

### 2.3 Cost Management - Remaining Technical Design, Construction and Handover Phases

Approval is sought for the procurement of the external Cost Management support services required for the next stages of delivery of schemes that are part of the Simplification Pathfinder Pilot. The Cost managers will provide support in the process of planning, estimating, budgeting, and controlling costs with the aim of completing the project within the approved budget.

The procurement exercise for this appointment needs to start in March 2024 to ensure that the schemes that are part of the Simplification Pathfinder Pilot have continued support from external consultants. It is estimated that the value of the tenders for this appointment will be greater than £250,000 and a contract award is therefore subject to a key decision. The procurement route for this appointment has been discussed at the Internal Project Board meeting and it is anticipated that the award is likely to be a mini competition through a compliant framework.

The appointment of this consultancy team is vital to the continuing progression of one of the Margate Town Deal projects and the Ramsgate Levelling Up Fund projects. Without the support from external consultants, projects would stall, programmes would become unachievable and the Council would become increasingly vulnerable to inflationary pressures and prolongation costs. Delay, or non-appointment of external Cost Management support, also exposes the potential for the projects to not meet the outputs prescribed by DLUHC and ultimately risks withdrawal of funding.

### 2.4 Engagement of Full Design Teams for the Remainder of the Design and Delivery Period.

A number of the current appointments for design teams across the Levelling Up Funded schemes will come to an end following submission of Planning Applications. Design teams for the schemes will subsequently need to be appointed to carry out the remaining design stages or design technical assurance role, dependent on the procurement route agreed for the main contractor.

It is anticipated that the appointments will be those noted below, but there may be some alterations to the packaging of these procurements dependent on market conditions:

- Clock House design team
- Smack Boys & Sailors' Church design team (retained for further work to support the building)
- Green Campus design team
- Port Infrastructure land-based works design team

- Port Infrastructure marine works design team
- Harbour Placemaking (to include Pier Yard and Highways design) design team
- Walpole Bay design team

Due to the larger value of the capital projects, the Green Campus and Port Infrastructure design team appointments may be over £250,000 and therefore are key decisions. The appointments for the remaining schemes are not expected to reach this threshold. The procurement route for each of the commissions will be tested against best practice for the type of project, a review of market conditions and taking advice from the external Project Management Team and the Council's Procurement Team. The procurement route will be discussed at the relevant Project Management meetings, and it is anticipated that the awards will be on the basis of the best fit for the project - using both open tendering and compliant frameworks.

### 3.0 Options

3.1 Option 1 - That Cabinet approves the key decision to incur expenditure in excess of £250,000 from existing approved budgets in relation to each of the activities (set out in sections 2.1 to 2.4 above):

- Project Management
- Ro-Ro Berth Survey
- Cost Consultant
- Full design teams specifically those that may be over £250,000 threshold (Port Infrastructure and Green Campus).

3.2 Option 2 - That Cabinet does not approve the key decision to incur the required expenditure in order to commission the required services to move the Department for Levelling Up, Housing and Communities projects forward. Without these services the council is unable to move forward from the current project stages of the Levelling Up Funded projects in Ramsgate and Walpole Bay Pavillion; and the decisions required to deliver the approved Port Infrastructure project (and the engagement of a Port Operator) will not be deliverable without the detailed survey and cost information.

Contact Officer: Mike Humber - Director of Environment  
Reporting to: Colin Carmichael - Chief Executive

#### **Annex List**

*none*

#### **Background Papers**

*none*

#### **Corporate Consultation**

**Finance:** Chris Blundell (Director of Corporate Services - Section 151)

**Legal:** Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)