

# Thanet Pathfinder Projects - procurement approvals

**Overview & Scrutiny Panel** 16 July 2024

<b>By</b>	Louise Askew - Head of Regeneration and Growth
<b>Cabinet Portfolio Member</b>	Councillor Ruth Duckworth, Cabinet Member for Regeneration and Property
<b>Key Decision</b>	Yes
<b>Decision classification</b>	Unrestricted
<b>Ward:</b>	Central Harbour, Newington, Margate Central, Cliftonville West

## Purpose of the Report

The purpose of this report is to invite members of the Overview and Scrutiny Panel to scrutinise, note and comment upon the proposal for Cabinet to provide approval for the council to enter into new contracts for works and services in relation to the delivery of five projects, which form part of the Pathfinder Pilot Scheme programme in Margate and Ramsgate.

## Recommendation(s):

That the Overview and Scrutiny Panel note and scrutinise the report and consider any representations to Cabinet in advance of its meeting on 25 July 2024.

That the Overview and Scrutiny Panel note and comment on the proposed recommendation to Cabinet, as follows:

Cabinet is asked to authorise the procurement and award of contracts for a number of procurements for projects in the Simplification Pathfinder Project. These are as follows:

1. Margate Town Deal Walpole Pavilion - works contract
2. Margate Town Deal Skatepark - works contract
3. Margate Town Deal Access Walpole Lift Structure - works contract
4. Levelling Up Fund Newington Community Centre Refurbishment and Extension - works contract
5. Future High Street Fund and Levelling Up Fund Broad Street Project - works contract
6. Margate Town Deal Theatre Royal Margate & 19 Hawley Square Restoration, Conservation and Modernisation - service contracts

## **1. Summary of Reasons**

- 1.1 The council has been successful in securing significant grant funding through the Department for Levelling Up, Housing and Communities (DLUHC). The funding has been awarded for the delivery of specific outputs and outcomes across the District. In December 2023 these projects were combined into one delivery programme; the Simplification Pathfinder Pilot. A number of the outputs which the council is committed to as part of the Pilot includes the capital works to existing or new council assets, through which, other wider outcomes will be delivered.
- 1.2 This paper makes a recommendation to Cabinet that authorisation is provided to let a number of works and service contracts for six projects within the Simplification Pathfinder Pilot programme. Works contracts are required to deliver the main capital elements of the schemes.
- 1.3 Each of these contracts will be procured in line with the council's Corporate Standing Orders and will be compliant with the relevant Public Contract Regulations.

## **2. Background**

- 2.1 Thanet District Council has been successfully awarded capital funding from three key government programmes - Future High Street Fund, Town Deal and the Levelling Up Fund programme.
- 2.2 The projects within these programmes have been through a central government approval process and the councils own approvals where required, including the allocation of the funding into the capital programme. All the investments and costs associated with these programmes are funded from external grants and contributions. Clear monitoring and evaluation activities have been put in place which will ensure all expenditure relating to the projects are managed appropriately, and within the total package of funding provided, aiming to mitigate any financial risk the council.
- 2.4 On 21 September 2023 Cabinet approved a single investment plan, as part of the government's Simplification Pathfinder Pilot. The investment plan was subsequently approved by central government in December 2023. The report considered by Cabinet on 21 September 2023 set out the background to the Simplification Pathfinder Pilot and the additional flexibilities that the pilot provided to the council in the delivery of the programme. It acts as the baseline for the projects we are pursuing, and any decisions required, or variations made, refer to this plan as the starting point for such decisions.

## **3. Relevant Issues**

### **3.1 Walpole Pavilion Project**

The new beachfront wellbeing pavilion at Walpole Bay is one of the Margate Town Deal projects. The project's objective is to deliver public amenities to serve new and

existing bay users, and provide space to test new commercial and community activities, with the aim of connecting more people to the coastline - and the health and wellbeing benefits that can bring.

3.2 The Planning Application for the Walpole Pavilion aims to go to the Planning Committee in September 2024. The works will be let using a JCT Building Contract.

3.3 **Skatepark Project**

The Skatepark Project forms part of the Margate Town Deal with match funding from Thanet District Council. The new outdoor recreation facility will also provide public toilet amenities. It will create a regionally significant skatepark for Margate, something for the people of the town and wider district to be proud of and give a safe community space to young people. The skatepark will be designed to cater for absolute beginners up to experienced skateboarders, and will regenerate the site on Ethelbert Crescent.

3.4 The procurement tender will be for a specialist Design and Build contractor to include public and stakeholder engagement activity, and with a break for Planning. Timescales for Planning will be guided by the contractor once they are appointed.

3.5 **Access Walpole Lift Structure**

The grade II listed cliff lift on Victoria Promenade in Cliftonville will be reinstated as part of the Access Walpole package of projects included in the Margate Town Deal, reconnecting local residents to the coastline and the health and wellbeing benefits that brings. The building works needed to refurbish the lift structure will be informed by various surveys and investigations and advice from Planning with regards to Listed Building Consent.

3.6 The Planning Application for the Access Walpole Lift Structure aims to go to the Planning Committee in September 2023. The works will be let using a JCT Building Contract.

3.7 **Newington Community Centre Refurbishment and Extension**

The Newington Community Centre refurbishment and extension forms part of the Ramsgate Levelling Up Fund programme, with match funding from the councils Housing and Revenue Account. Match funding was approved by the council's Cabinet at a meeting on [14 March 2024](#). The project's objective is to deliver a larger teaching kitchen facility at the Newington Community Centre, as well as carrying out refurbishment works to the existing community centre building, including improvements to the building's fabric and services.

3.8 The Planning Application for the Newington Community Centre extension and refurbishment was approved on 19 June 2024 at Planning Committee, Ref: F/TH/24/0435. The main works will be let using a JCT Building Contract.

### **3.9 Broad Street Project**

5A Broad Street was acquired by the council in December 2023 and is the location for the delivery of the Future High Street Fund Creative Workspace project and the town centre Access to Opportunities Levelling Up Fund project. The works to the building will be in line with the Planning Approval Ref: F/TH/23/0834 and include refurbishments and upgrades to the building, roof replacement, installation of a lift. Once completed, the facility will deliver workspace focused on the creative and third sectors in Ramsgate, and will offer a mix of spaces to meet identified needs in the town. The main works contract will be let using a JCT Building Contract.

### **3.10 Theatre Royal Margate & 19 Hawley Square**

We are seeking approval to procure and appoint contracts for a professional design team of; Architects, Design Team, Quantity Surveyor and Project Manager to develop the designs to RIBA 3 and submit a planning application, with an option to extend to completion of the capital works following announcements of funding. Design works will ensure the restoration, conservation and modernisation of the grade II\* listed Theatre Royal Margate and 19 Hawley to save this heritage asset.

## **4. Procurement Strategy**

4.1 The Cabinet report on 25 July seeks approval to procure the main works contractors and professional team (Theatre Royal) for six of the approved projects, which form part of the Thanet Simplification Pathfinder Pilot. The construction schemes are all under £1m construction contract value (with the exception of the Theatre Royal which is requesting approval for design team not construction works, at this stage). The anticipated procurement routes for these schemes is either via the London Construction Programme (LCP) Dynamic Purchasing System (DPS) or via an open Tender process via the Council's eProcurement Portal, the Kent Business Portal, depending on the individual projects. Both routes to the market offer a wide supplier base, accessibility for small and medium enterprises (SME's), opportunity for local suppliers to participate, are both open to new suppliers to join and enables the Council to undertake a competitive process to obtain the best possible service/works delivery and demonstrate value for money.

4.2 The LCP DPS is operated by the London Borough of Haringey and serves public sector users in London and the home counties who wish to procure construction related services and works. The DPS removes a significant amount of the procurement burden from the client organisation, as the DPS team carries out the majority of these functions. The Council has successfully procured a number of external design teams using the LCP DPS, using the services 'Service Category'. The DPS also has a 'Minor Works' Service Category for works, and this is the proposed route for these schemes. The DPS provides direct access to a group of pre-approved contractors, who have already demonstrated a basic level of pre-qualification. The Regeneration and Communications teams have held public events and promoted the DPS to encourage local contractors to sign up, so that they are able to tender for these opportunities.

4.4 The Kent Business Portal is the council's designated eProcurement Portal for an open procurement route. Registration to the portal is free and open to all businesses to view the available contract opportunities, express interest in and bid on council requirements should they wish to participate. The Kent Business Portal will be used for the Skatepark and Walpole Lift projects that require more specialist works; such specialisms may not be sufficiently represented on the LCP DPS and therefore using an open process to the market for these two projects enables the widest range of bidders to participate.

4.5 The pre-tender estimates for each of the schemes are listed below, acknowledging that these are estimates only. The report seeks authorisation for the award of contracts provided the overall expenditure for the project does not exceed the available project budget.

Project	Pre-Tender Estimate	Approved Budget	Procurement Route
<b>Construction Works</b>			
Walpole Pavilion Project	£816,000	£1,025,000	London Construction Programme Dynamic Purchasing System
Skatepark Project	£880,000	£984,000	Kent Business Portal
Access Walpole Lift Structure	£200,000	£300,000	Kent Business Portal
Newington Community Centre	£670,000	£876,000	London Construction Programme Dynamic Purchasing System
Broad Street	£670,000	£1,398,000	London Construction Programme Dynamic Purchasing System
<b>Consultants / Professional Fees</b>			
Theatre Royal Margate & 19 Hawley Square Architects & Design Team	£200k to £750k*  *funding dependant	£2,000,000**  **minimum secured up to a potential £9m funding	London Construction Programme Dynamic Purchasing System
Theatre Royal Margate & 19 Hawley Square	£60k to £200k*		London Construction Programme Dynamic Purchasing System

Project Manager & Quantity Surveyor	*funding dependant		
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## 5. Alternative Options

5.1 Approve the Recommendation - Cabinet is asked to authorise the procurement and award of contracts for a number of procurements for projects in the Simplification Pathfinder Project. These are as follows:

1. Margate Town Deal Walpole Pavilion - works contract
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3. Margate Town Deal Access Walpole Lift Structure - works contract
4. Levelling Up Fund Newington Community Centre Refurbishment and Extension - works contract
5. Future High Street Fund and Levelling Up Fund Broad Street Project - works contract
6. Margate Town Deal Theatre Royal Margate & 19 Hawley Square Restoration, Conservation and Modernisation; Architects & Design Team and Project Manager & Quantity Surveyor.

The project teams have considered a number of options for procuring these works, including open procurement, dynamic purchasing systems and the use of a complaint framework. Each project's procurement route has been selected based on its individual risks and opportunities.

5.2 Each of the project procurements could follow the same procurement strategy, with all of them using the same method to procure the contractors. This would not provide flexibility within the delivery programme, or value for money, and may include missing out on the best contractors for the work. Some of the procurement methods are not appropriate for the different projects, therefore finding one method to suit all would be difficult. This option is not recommended.

5.3 An alternative option to those selected is to do nothing, this would result in non-delivery of these grant-funded schemes. This option is not recommended.

## 6. Consultation

6.1 There is no formal consultation required for this report.

6.2 Formal consultation is part of the planning application and approvals process where it is relevant for each scheme. Through the RIBA Stages we have carried out public engagement on the plans.

## **7. Corporate Implications**

### **7.1 Finance and Resources**

- 7.1.1 The projects identified in this paper have already received budget approval and have been incorporated into the council's 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.
- 7.1.2 In accordance with the council's key decision framework, further Cabinet approval will be sought before the tendering of any individual contract associated with these projects with a value of £250,000 or above.
- 7.1.3 For all the Government funded programmes, we have already received part of this funding, to commence delivery. In addition, 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.
- 7.1.4 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. Evaluation and Monitoring will be on a quarterly basis.

### **7.2 Legal and Constitutional**

- 7.2.1 In accordance with the provisions set out in Article 6 of the Council's constitution the Overview and Scrutiny Panel may make reports or recommendations to Cabinet in respect of the discharge of any function. Cabinet must then consider and respond to any recommendations made.
- 7.2.3 In procuring goods and services, the Council is required to comply with the requirements of the Public Contracts Regulations 2015 and its own Contract Procedure Rules (although the former will override the latter if there is any inconsistency). The procurement processes proposed in this report are both via a legally complaint route, via a Framework, the LCP DPS and also via an open Tender process, the Council's eProcurement Portal, the Kent Business Portal. The use of a framework to procure goods and services is specifically authorised under Regulation 33 (8a) of PCR 2015, but the Council must comply with the terms of the Framework.
- 7.2.4 The Council has a duty to achieve best value. The procurement processes identified will enable the Council to demonstrate compliance with this duty.

7.2.5 Further advice should be sought from the Council's in-house legal team in respect of agreeing and finalising the terms of any final contract award in respect of each of the projects referred to.

### 7.3 Council Policies and Priorities

7.3.1 The projects identified in 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 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.

### 7.4 Risk

7.4.1 Each project has its own Risk Register which includes details of all relevant risks to the delivery of the scheme. The key risks are also escalated as part of the council's Corporate Risk Register. The programme-wide risks relevant to all of these projects are reported to DLUHC quarterly, the top three are currently:

- **Risk:** *Cost of inflation pressures on construction projects across the portfolio*  
**Mitigation:** *Appointment of external cost consultants, regular cost workshops with project and cost teams, regular cost plan reviews, and value engineering.*
- **Risk:** *Unable to deliver the projects within timescales due to delays in procurement capacity to deliver in line with the council's corporate procurement processes*  
**Mitigation:** *Appointment of procurement consultant to provide additional capacity. Refresh of council's Contract Standing Orders (CSOs) to address low procurement thresholds and to release some capacity within the Procurement team.*
- **Risk:** *Unable to deliver projects within budget available, without any additional funding available from the council.*  
**Mitigation:** *Regular cost reviews and value engineering exercises are being undertaken to ensure the projects are deliverable within the budget available. Where possible, match funding opportunities are being explored and accessed to increase project budgets and the flexibility of spend between projects will assist with delivery to budget. Early market engagement exercises will help to understand the market and appetite to deliver the various schemes with the available budgets.*

### 7.5 Climate Change and Biodiversity

7.5.1 Climate Change and Biodiversity is a consideration across the Simplification Pathfinder Pilot programme and on a project by project basis. The design processes for the schemes included in this report have / will be aimed to minimise carbon emissions through efficient design, materials selection, and energy efficient services.



7.5.2 The contractor selection processes will also include scored and weighted quality questions based on the tenderer's approach and proposals for positive climate change measures associated with the delivery of these contracts.

## **8. Equality, Equity and Diversity Implications**

8.1 The meeting is to have due regard to their public sector equality duty, which is the need to eliminate unlawful discrimination and consider the potential impact decisions and actions on each of the protected characteristics, at the time the decision is taken. There are no significant equalities implications arising from the decision sought in this report. An equalities screening tool has been completed which demonstrates this and is appended to this report.

## **9. Crime and Disorder Implications and Community impact**

9.1 The proposals seek to improve the facilities and external public realm in locations in Ramsgate and Margate. It is anticipated that the proposals will have a positive impact on perceptions of safety in the immediate vicinity.

## **Subject History**

[Cabinet - 30 May 2024](#) - Theatre Royal Operator Recommendation

[Cabinet - 14 March, 2024](#) - Newington Community Centre project

[Cabinet - 14 March, 2024](#) - Margate Town Deal Funding Reallocations

[Cabinet - 29 February, 2024](#) - Margate Regeneration Programme update

[Cabinet - 25 January, 2024](#) - Ramsgate Regeneration Programme update

[Cabinet - 21 September, 2023](#) - Simplification Pathfinder Pilot

## **Appendices**

No appendices included.

## **Background Papers**

No background papers included.

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## **Report Sign Off**

**Legal** Ingrid Brown- Head of Legal and Democracy and Monitoring Officer

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