

Thanet Pathfinder Projects - procurement approvals

Overview & Scrutiny Panel 15 October 2024

By	Louise Askew - Head of Regeneration and Growth
Cabinet Portfolio Member	Councillor Ruth Duckworth, Cabinet Member for Regeneration and Property.
Key Decision	Yes
Decision classification	Unrestricted
Ward:	Central Harbour

Purpose of the Report

This report seeks authority for the council to enter into a new contract for works to deliver four projects, which form part of the Simplification Pathfinder Pilot programme in 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 26 October 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 through the SCAPE Framework. These are as follows:

1. Ramsgate Clock House - works contract
2. Ramsgate Pier Yard - works contract
3. Ramsgate Highways Works - works contract
4. Ramsgate Green Campus - works contract

1. Summary of Reasons

- 1.1 The council has been successful in securing significant grant funding through the Ministry of Housing, Communities and Local Government (MHCLG). 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 recommends the procurement and authorisation to let a single works contract including four packages of work, delivering four of the Pathfinder schemes.

The works contracts are required to deliver the main capital elements of five of the projects.

- 1.3 The contract and works packages 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 (LUF) 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.
- 2.3 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.
- 2.4 Each of the four project sites have progressed through the early stages of design with council-appointed design teams, and are ready to be transitioned to a competent contractor to complete the remaining design and construction delivery.

3. Relevant Issues

- 3.1 **Ramsgate Clock House** - the refurbishment of the Ramsgate Clock House was included as part of the original Ramsgate LUF bid submission. The scheme aims to refurbish the Grade II* Listed structure and introduce the provision of a new cafe. The facilities will be used to create a heritage centre for the town.
- 3.2 The scheme has undergone a number of iterations; the original project was predicated on a successful Heritage Lottery Fund bid, which was ultimately unsuccessful. The scheme has since been re-designed to be achievable within the LUF budget of £1,785,000.

- 3.3 The Planning Application for the Clock House is due to be submitted in December 2024 and is targeting a Planning Committee date of February 2025 for approval. The works will be let using a NEC4 Contract via the Scape Framework.
- 3.4 **Ramsgate Pier Yard** - the Pier Yard public realm scheme formed part of the original Ramsgate LUF bid submission. The scheme aims to make changes to the public realm in the current area of Pier Yard car park in Ramsgate, to remove the parking and create a public square. The scheme will also adjust the access routes for vehicles through the space to improve the public realm for pedestrians.
- 3.5 The Pier Yard scheme LUF budget of £1,315,250 has been combined with the Future High Street Fund (FHSF) Highways Scheme budget of (£1,640,014). The purpose of this is to create efficient design and construction.
- 3.6 The Planning Application and S278 Agreements are targeted for approval/completion by May 2025. The works will be let using a NEC4 Contract via the Scape Framework.
- 3.7 **Ramsgate Highways Works** - the Highways Works in Ramsgate were awarded funding as part of the FHSF in December 2020. The proposals aimed to improve permeability between the town centre and Ramsgate's Harbour through a set of highways and public realm measures.
- 3.8 The Highways Scheme (value of £1,640,014) has been combined with the Pier Yard design to maximise the efficiency of the scheme and to ensure a coordinated design for the Pier Yard, Harbour Parade and Royal Parade.
- 3.9 The Planning Application and S278 Agreements are targeted for approval/completion by May 2025. The works will be let using a NEC4 Contract via the Scape Framework.
- 3.7 **Ramsgate Green Campus** - the Green Campus scheme was awarded funding as part of the LUF bid submission. The original scheme included an anticipated level of match-funding from the private sector which has not been forthcoming and secured. The design has developed to be a phased scheme, with the first phase achievable within the LUF budget of £6,101,350.
- 3.8 The Planning Application for the Green Campus scheme is due to be submitted in October 2024, with a Committee date in early 2025.

4. Procurement Strategy

- 4.1 This report seeks approval to procure the main works contractor for four of the approved projects, which form part of the Thanet Simplification Pathfinder Pilot. The construction schemes range in size, with a combined contract value within the remaining combined budget of £9,710,361.

- 4.2 The council has, in collaboration with its external consultants, reviewed a number of compliant procurement routes. The options for procurement have included an open exercise, a restricted process and also the use of compliant public sector frameworks.
- 4.3 The programme procurement strategy workshops concluded that for the risk profile of this programme of works, the SCAPE Framework is the preferred procurement route to deliver the construction works for these four schemes, utilising one main contractor.
- 4.4 SCAPE Construction is a direct award framework designed to accelerate essential projects and deliver them to the highest possible standard through the SCAPE Delivery Partners. Depending on project value and location, a Delivery Partner is allocated to the client.
- 4.5 The approved budget for the schemes, and the remaining budget as at the end of August 2024, is noted below. The remaining budget will also need to include all professional fees, client contingencies and other costs associated with the schemes, but the figures below note the maximum budget available for negotiation across the four scheme allocations. The report seeks authorisation for the award of contracts provided the overall expenditure for the project does not exceed the available project budget.

Projects	Remaining total budget (August 2024)	Total approved budget
Ramsgate Clock House Ramsgate Pier Yard Ramsgate Highways Works Ramsgate Green Campus	£9,710,361	£10,841,614

5. Alternative Options

5.1 **Option 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. Ramsgate Clock House - works contract
2. Ramsgate Pier Yard - works contract
3. Ramsgate Highways Works - works contract
4. Ramsgate Green Campus - works contract

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. The SCAPE framework has been agreed as the appropriate procurement route for these contracts, given the programme's risk and opportunity profile and the resource requirements associated with each of the procurement routes.

- 5.2 **Option 2** - Individual contractors - each of the project procurements could follow different strategies, however, consideration has been given to the close geographical proximity of the schemes and the benefits of a single contractor overseeing the delivery of the schemes, and this is considered favourable in comparison to the management of multiple smaller construction sites across a small area, over a single compressed time period for delivery. This option is not recommended.
- 5.3 **Option 3** - Do nothing - 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 by full Council 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 For all the Government funded programmes, we have already received part of this funding, to commence delivery. The Section 151 Officer is required to scrutinise and approve regular monitoring returns to MHCLG. These returns will cover actual and forecast spend, alongside programme delivery and output metrics.
- 7.1.3 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.

7.2.2 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 via a legally compliant route, by direct award through the Scape Framework. 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. The framework was established following a PCR compliant tendering process, and therefore the tendering requirements of PCR15 are satisfied.

7.2.2 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 MHCLG 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 a demonstration of 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.

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. It is anticipated that the proposals will have a positive impact on perceptions of safety in the immediate vicinity.

Subject History

[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

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