

Birmingham Road, Lichfield Enabling Works – Selection of Tender

Confidential Report of the Cabinet Member for Investment, Environment & Tourism
Development Services: Councillor I. Eadie

Date: 10th September 2019
Agenda Item: 6
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Key Decision? YES
Local Ward ALL
Members

APPENDIX A



CABINET

1. Executive Summary

- 1.1 A tender exercise for enabling works including the redevelopment of the former police station site on Frog Lane and the associated re-modelling of the adjacent bus station off the Birmingham Road has been undertaken. Five bids were received to carry out the works.
- 1.2 The tenders were all appraised against defined criteria set out in the tender specification covering price and quality. The price has been carefully considered in respect of detailed costings for the various aspects of the works which the tenderers were asked to set out. The quality of the tenders has been considered in relation to five aspects: i) minimising impact on the bus station service, ii) a method statement as to how the contractor will liaise effectively with key stakeholders throughout the works, iii) the relevant skills and experience to deliver a project of this size and nature, iv) a method statement as to how the existing buildings will be safely demolished within a busy residential and commercial area and finally v) the relevant experience of those undertaking the demolition.
- 1.3 The contractor will deliver the works granted planning permission on the 29th July 2019. This includes the demolition of existing police station buildings and bus station kiosk/toilet buildings, a 5 year temporary consent for car parking on the police station site, and in addition the remodelling of the existing bus station to include additional coach parking, the erection of replacement bus shelters, temporary toilet facilities and associated landscaping works.
- 1.4 In the assessment process, Coleman & Company provided a good standard of response supported by comprehensive evidence to demonstrate they could meet the quality requirements with a reasoned justification for the price submitted.

2. Recommendations

- 2.1 That the Cabinet agrees to the recommendation that Coleman & Company be awarded the contract to undertake the commission for the tendered sum of **£599,991**.
- 2.2 That the Cabinet approve the awarding of a contract to Healthmatic for the provision and maintenance of temporary toilet facilities for a 3 year period for the tendered sum of **£90,000**.
- 2.3 That the Cabinet delegates to the Cabinet member for Investment, Economic Growth and Tourism in consultation with the Head of Economic Growth the authority to sign the contractual agreements and to authorise any minor variations in the contractual arrangements subject to the costs being within the agreed budget.

- 2.4 Cabinet recommend to Council to approve and update the Medium Term Financial Strategy to increase the Project Budget for the Birmingham Road Site by **£185,000** from **£2,995,000** to **£3,180,000** with funding of **£182,000** provided by the Earmarked Reserve and **£3,000** from the Revenue Budget.

3. Background

- 3.1 Members will be aware of the decision of the District Council not to fund the Friarsgate scheme and the consequent demise of that project in 2018. Since then the Council has determined to bring forward alternative proposals for the Birmingham Road site.
- 3.2 In the above context, members will be aware of the recent decision to appoint David Lock Associates (DLA) following a tendering exercise to prepare a City Centre Masterplan which will include the preparation of longer term proposals for the Birmingham Road site. DLA has now commenced its work.
- 3.3 At the same time as wishing to bring forward plans for the longer term use of the Birmingham Road site, the Council has also recognised a need to address issues pertaining to the land which it acquired as part of the former Friarsgate project. A scheme of enabling works was duly prepared and was the subject of a planning application to the Authority earlier this year.
- 3.4 There is now a need to deliver on the enabling works set out in planning application 19/00260/FULM which was approved by the Council's Planning Committee on the 29th July 2019. That is for the demolition of existing police station buildings and bus station kiosk/toilet buildings, a 5 year temporary consent for car parking on the police station site, and in addition the remodelling of the existing bus station to include additional coach parking, the erection of replacement bus shelters, temporary toilet facilities and associated landscaping works. The works are intended to provide an improvement to the town centre over the next 5 years whilst the longer term proposals for Birmingham Road are considered through the master planning exercise and will also prime the site for when the delivery of the longer term scheme can be achieved.
- 3.5 Alongside the submission of planning proposals, the Council initiated a tender exercise to appoint contractors to undertake the said works subject to the necessary consents being confirmed. At the conclusion of the period for submission of tenders 5 had been submitted to the Council.
- 3.6 All submissions have been appraised in detail against the criteria set out in the tender specification. Because, the works are planned for a temporary period only, price was a significant factor in the determination process making up 70% of the awarded mark with the remaining 30% of the mark on the quality of the proposals. The overall budget set aside for the enabling works is approximately £541,000.
- 3.7 The five tenders were fully judged in relation to a series of mandatory criteria including in relation to their compliance with statutory regulations, declaration of any past actions against them and then a detailed assessment of their proposed price by analysis of their costs breakdown and the five quality elements of:
- i) Minimising impact of works on the bus station services,
 - ii) A method statement as to how the contractor will liaise effectively with key stakeholders throughout the works,
 - iii) The relevant skills and experience to deliver a project of this size and nature,
 - iv) A method statement as to how the existing buildings will be safely demolished within a busy residential and commercial area; and, finally
 - v) The relevant experience of those undertaking the demolition.

- 3.8 Judged on the above criteria, three of the five tenders scored well in respect of quality. In respect of the other two tenders, one tender did not comply with the tender specification, in particular it only covered the demolition aspect of the tender specification and did not set out any proposals for the public realm improvements including the remodelling of the bus station and additional coach and car parking. The other tenderer did submit bid proposals at a significantly lower price covering both demolition and the relevant public realm improvement works to the bus station and creation of car parking on the police station site. However, concerns were identified in respect of gaps in their detailed costs break down that could not be fully substantiated. Concerns were also identified over the credibility of their work programme and project methodology which could impact on the operation of the bus station and service.
- 3.9 In respect of the three remaining tenders that all scored well in respect of quality, one of the proposed bids came in at significantly above the budget price and another bid whilst not as high was also over budget price by a significant amount and therefore they did not score as well when compared to the third bid which came in again over budget but not to the extent of the aforementioned two.
- 3.10 Taking price and quality of bid together, it is recommended following assessment of the tenders that Coleman & Company is commissioned to undertake the work at a price of **£599,991**. This would provide for a budgetary pressure of **£60,000** which can be accommodated. With any project of this kind there is the potential for additional costs to be incurred and therefore it is suggested that any additional budget includes a contingency to cover supplementary justifiable works and associated fees - **£60,000**.
- 3.11 In agreeing to progress an interim scheme pending agreement of longer term proposals for the Birmingham Road site, members had previously indicated that they wished to see replacement toilet provision made in response to the loss of the existing toilet facilities adjacent the bus station. Officers have duly engaged with potential suppliers of such facilities and discussed the different offers available and associated costs. A proposal to supply and maintain a toilet facility for 3 years at a confirmed price of **£30,000** per annum from company Healthmatic is deemed acceptable and is recommended to members. This cost would be **£6,000** above budget.
- 3.12 With the appointment of a contractor it is hoped to commence the works as soon as is possible. This will occur once the conditions of the planning permission are formally discharged. This work is in progress however the timing of the planned demolition works is an issue in terms of potential business rate liabilities to the Council and additional budget provision is required to ensure liabilities can be duly met - **£36,000**.
- 3.13 The hoardings around the former Tempest Ford garage site whilst functionally appropriate in maintaining site security and protecting the safety of the public, do not present an aesthetically pleasing image. Officers have been asked to take forward a scheme which would introduce an enhanced set of hoardings using suitable designs. This would complement the aforementioned enabling works. This has been costed at approximately **£23,000**.
- 3.14 In summary, the preferred tender has come in approximately £60,000 over the approved budget of £540,000 and replacement toilets at a cost of £90,000 over 3 years (supply and maintenance contract) £6,000 above the agreed budget of £84,000. Outside the previously agreed budgets new and additional costs would include a contingency, payment of business rates whilst the Police Station remains in situ and improvements to the hoardings equating to £119,000.

Item	Approved Budget	Cost	Difference
Enabling works	£540,000	£599,991	£59,991
Replacement toilets	£84,000	£90,000	£6,000
Contingency	£0	£60,000	£60,000
Business rates	£0	£36,000	£36,000
Hoardings	£0	£23,000	£23,000

Alternative Options	<ol style="list-style-type: none"> 1. Cabinet could decide to choose another tender however as shown these are either significantly over the allocated budget for the project or deemed not able to show with sufficient evidence deliverability against the tender specification. 2. There are no other alternative options apparent should the Council wish to carry out the enabling works other than to go out to tender again.
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Consultation	<ol style="list-style-type: none"> 1. The tender evaluation process has been undertaken with support from Greenwoods Projects, Lichfield in respect of contract sum analysis and evaluation of the quality of the tenders.
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Financial Implications	<ol style="list-style-type: none"> 1. The Approved Budget for the Birmingham Road Site was approved by Council on 19 February 2019 and totalled £2,995,000 for the acquisitions of the Police Station, Coach Park and professional support (£2,299,000) plus enabling works and future options appraisal (£696,000). 2. The Approved Budget assumed that the Police Station would be demolished during 2018/19 and no enhancement would be made to the hoardings surrounding the former Garage site. 3. The project has progressed and the following cost pressures have been identified: <ul style="list-style-type: none"> • Business Rates for the Police Station – the demolition of the Police Station is scheduled to take place later this year as a result of the need to comply with planning requirements. This means the Council will be required to pay nine months of Business Rates of £36,000 (a). • Artwork to the Hoardings – the hoardings do not present an attractive impression to visitors and therefore it is recommended that artwork is added with a cost of £23,000 (b) (£3,000 can be funded from existing revenue funding). 4. The preferred tender bid by Coleman and Company of £599,991 and given the Approved Budget for the enabling works is £541,000 (in green below) there is a cost pressure of circa £60,000 (c). 5. The provision and maintenance of temporary toilet facilities for a 3 year period will cost £90,000 and this is £6,000 (d) above the Approved Budget of £84,000. 6. It is also recommended that a contingency sum of £60,000 (e) is included in the project budget to reflect known risks and uncertainties with the enabling works. 7. The Approved Budget, Recommended Budget Changes and Project funding including the element from the Earmarked Reserve established for the Project is shown in the tables below:
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BRS - Short Term Redevelopment and Future Options Appraisal (2018/19 to 2021/22)

Details	Approved Budgets		Recommended Budget Changes	Project Budget
	BRS Site	Short Term Development		
Support	£143,000			£143,000
Police Station Acquisition	£1,805,000			£1,805,000
Coach Park Acquisition	£243,000			£243,000
Bus Station Works		£167,000		£167,000
Landscaping Works		£111,000		£111,000
Other Works		£30,000	£60,000 (c)	£90,000
Fees		£45,000		£45,000
Contingency			£60,000 (e)	£60,000
Sub Total Capital Programme	£2,191,000	£353,000	£120,000	£2,664,000
Fees		£66,000		£66,000
Temporary Toilets		£84,000	£6,000 (d)	£90,000
Master Planning		£60,000		£60,000
Hoardings			£23,000 (b)	£23,000
Police Station Acquisition - Other	£8,000			£8,000
Police Station - Business Rates			£36,000 (a)	£36,000
Demolitions	£100,000	£133,000		£233,000
Sub Total Revenue Budget	£108,000	£343,000	£65,000	£516,000
Total Approved Budget	£2,299,000	£696,000	£185,000	£3,180,000

BRS Project Funding (2018/19 to 2021/22)

Funded by:				
Corporate Capital Resources	(£2,062,000)			(£2,062,000)
Revenue Funding			(£3,000)	(£3,000)
Earmarked Reserve - Condition Survey	(£39,000)			(£39,000)
Earmarked Reserve - BRS	(£198,000)	(£696,000)	(£182,000)	(£1,076,000)
Total Funding	(£2,299,000)	(£696,000)	(£185,000)	(£3,180,000)

Please note, in terms of the Earmarked Reserve – BRS of the £1,076,000 shown in the table above, £147,000 related to budgeted spend in 2018/19 (actual was £145,738). This means £929,000 is budgeted to be funded from the Earmarked Reserve for 2019/20 to 2021/22 and this is shown in the table below.

Projected Birmingham Road Site Earmarked Reserve

	2019/20	2020/21	2021/22	Total
Opening Balance	(£1,160,550)	(£280,340)	(£238,700)	(£1,160,550)
Actual / Budgeted Spend in Year	£869,000	£30,000	£30,000	£929,000
Major Projects Team	£11,210	£11,640		£22,850
Closing Balance	(£280,340)	(£238,700)	(£208,700)	(£208,700)

Contribution to the Delivery of the Strategic Plan

1. The tender selection process has been carried out to ensure a scheme of enabling works is selected that provides value for money and in ensuring Lichfield is a vibrant and prosperous place, is a clean, green and welcoming place and provides for a healthy and safe community by removing derelict and potentially dangerous eye-sore buildings and vacant land on a key through route into the town centre for residents, businesses, shoppers and tourists.

Equality, Diversity and Human Rights Implications

1. The procurement process has required all tenderers to comply with relevant legislation. There are no equality, diversity and human right implications associated with the award of the contract. Therefore an equality impact assessment has not been necessary.

Crime & Safety Issues	1. The award of the contract itself will not have an impact on crime and safety issues. The enabling works should assist in addressing problems that can be associated with derelict and vacant land and buildings.
GDPR/Privacy Impact Assessment	1. A Privacy Impact Assessment has not been undertaken because the contractor will not be handling any personal data. Greenwoods and relevant officers of the District Council have signed relevant confidentially clauses to not disclose sensitive information provided by the tenderers in their bid documents.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The appointed contractor fails to deliver the required level of service	Robust contract specification and monitoring with regular contract review meetings will ensure the project is delivered to the quality required by the tender specification.	Yellow
B	The appointed contractor ceases trading	Robust contract specification and monitoring with regular contract review meetings. A commitment for a performance bond has been required to be provided by the contractor.	Yellow
C	The required works to meet with the approved planning consent and contract specification results in costs above the Approved Budget	Robust evaluation of the tenders received, contract specification and monitoring with regular meetings should ensure the project remains within acceptable budget limits. A contingency sum of £60,000 has been included in the project budget.	Yellow

Background documents Tender Specification
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Relevant web links N/A
