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| Meeting of: | Cabinet |
| Date of Meeting: | Thursday, 07 September 2023 |
| Relevant Scrutiny Committee: | Environment and Regeneration |
| Report Title: | BSC2 Building Works Contract |
| Purpose of Report: | To obtain approval to procure and agree and let a works contract for construction works at BSC2. |
| Report Owner: | Deputy Leader and Cabinet Member for Sustainable Places |
| Responsible Officer: | Marcus Goldsworthy - Director of Place |
| Elected Member and Officer Consultation: | Gemma Jones: Operational Manager -Accountancy Lorna Cross – Operational Manager Property Victoria Davidson: Operational Manager, Legal Services Phil Chappell: Operational Manager Regeneration Matt Bowmer, Head of Finance Tom Bowring, Director of Corporate Resources |
| Policy Framework: | This report is a matter for Executive decision by Cabinet |
| <p>Executive Summary:</p> <ul style="list-style-type: none"> This report seeks authority for a procurement exercise to be undertaken to tender a works contract for the re-modelling of the entrance, re-configuration/extension/alterations of the existing car park and internal works to the BSC2 building at the Innovation Quarter to improve access and facilities. The report further requests that permission to award the letting of the works contract to a preferred contractor is delegated to the Director of Place in consultation with the Cabinet Member for Sustainable Places and the Head of Finance/Section 151 Officer. | |

Recommendations

1. That Cabinet notes the procurement process for this scheme.
2. That Cabinet gives delegated authority to the Director of Place in consultation with the Head of Finance and the Deputy Leader and Cabinet Member for Sustainable Places to accept the preferred tender and approve the letting of the works contract(s) associated with the project, following the completion of the tender process.
3. That Cabinet authorises delegated authority to be granted to the Monitoring Officer/Head of Legal and Democratic Services / Operational Manager Legal Services to draft and execute the contract(s) for the award of a contract with the successful bidder.

Reasons for Recommendations

1. To update Cabinet on the procurement of the scheme.
2. To ensure compliance with the Council's Contract Standing Orders and financial Regulations.
3. To ensure that the necessary legal documentation is in place to award the contract and that the works are delivered in a timely manner.

1. Background

- 1.1 As part of the Barry Regeneration Project Development Fund Capital Allocation, an allocation has been set aside for alterations of the Council's BSC2 building. The BSC2 building is located within the Barry Waterfront Innovation Quarter and is in the freehold ownership of the Council.
- 1.2 Previously an IT skills centre, the BSC2 building, was opened in 2004 and operated by Cardiff and Vale College. In 2015, the college vacated the property. Since this date, the Council has been operating the building as a business centre. It is intended that the building will continue in this capacity and, through this commission, will receive the upgrades necessary to improve facilities for businesses.
- 1.3 It currently houses tenants on the ground floor only; the top floor is unoccupied. A former train repair shed is attached to the building. Recently the former adjoining shed building has been let via tender for a gymnasium use.
- 1.4 Discussions with previous/current tenants and the Council's own research has led the Regeneration Team to highlight issues that are limiting the letting of the building and long-term retention of tenants. The rents have historically been below market rate for these reasons and the first-floor units have been vacant for over 7 years. For much of this time the Council have been liable for Business Rates (circa £13k rates liability per annum).

- 1.5 In order to bring the property up to current standards, a heating system was recently installed, and design consultants were commissioned to look at highlighted areas of concern internally and externally.
- 1.6 Feasibility work for the re-modelling of the entrance, re-configuration/extension/alterations of the existing car park and internal works (phase 1) & extension of the car parking to the rear of the building (phase 2) of the BSC2 building was previously tendered out to Architects.
- 1.7 The design consultants were appointed in 2021 and have completed the feasibility works leading to the submission of a planning application and a SUDs Approval Body (SAB) application for the necessary works.
- 1.8 The Council's Project Management Team in Liaison with the Council's Regeneration and Procurement team will be seeking to advertise a works package via Sell2Wales.
- 1.9 The tender will seek to secure a contractor to carry out Phase 1 of the project. The Phase 2 works will not be undertaken at this stage and will be subject to a separate report and approval of Cabinet in the future.

2. Key Issues for Consideration

- 2.1 The tendering exercise to secure the services associated with the works contract will be published via the Sell2Wales procurement portal, set up by Welsh Government, to assist public sector buyers to advertise and manage procurement exercises.
- 2.2 The provision of works under this contract will be awarded to the most economically advantageous Contractors in the order that they score, based on a cost / quality matrix exercise comparison.
- 2.3 The Sell2Wales portal website is fully auditable. The tender will be open to all contractors.
- 2.4 The tender process will be managed by the client department in liaison with the Project Management Unit and procurement. The Project Management Unit and the client department will meet frequently to allow timely discussions about issues that arise with the tender process. Informed dialogue will allow for timely decision making, ensuring the continued progress of the tender within required timescales.
- 2.5 Following evaluation, the preferred bidder will be identified and notified subject to the approval of the Director of Place and Head of Finance/Section 151 Officer.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 **Looking to the long term** - As a result of the works, the units would be able to be marketed and tenanted. The upgrade works to date and those subject to this report will ensure the long-term health of the Innovation Quarter providing good quality accommodation and ensuring the Council's building portfolio is kept modern and up-to date.
- 3.2 **Taking an integrated approach** – The proposed works are being undertaken after discussion with other Council departments on marketing/valuations and in collaboration with our current tenants.
- 3.3 **Involving the population in decisions** – During the proposed works, current tenants and the wider public will be kept informed of the timescales and works. The statutory planning application has already engaged in public consultation on the aspect of works subject to planning.
- 3.4 **Working in a collaborative way** - The contract terms will require the contractor to work collaboratively with Council officers to ensure the best interests of our tenants and value for money for the Council.
- 3.5 **Understanding the root causes of issues and preventing them** - As a result of contracting a competent principal contractor and sub-contractors to carry out the works this should minimise the risk of poor workmanship, latent defects and ensure a quality product is installed/works carried out.
- 3.6 This proposal will meet: Objective 1: to work with and for our communities
Corporate Plan Commitment: 2. Work innovatively, using technology, resources and our assets to transform our services so they are sustainable for the future.

4. Climate Change and Nature Implications

- 4.1 This upgrade/improvement project has already had a positive impact by increasing the energy efficiency of the sites heating, therefore reducing the carbon emissions.
- 4.2 This project has had an ecology survey report undertaken and the principal contractor will be following the recommendations advised in relation to risk of nesting bird and slow worms. The rest of the project does not significantly impact on the nature within the BSC2 site. In addition, the proposal will also include an ecological enhancement scheme.

5. Resources and Legal Considerations

Financial

- 5.1 The budget in the 2023/24 Capital Programme is currently £696k. This is funded from £109k general capital funding, £70k capital receipts and £517k reserves. There is currently a committed spend of £56k for the architectural and works contract managing fees. This leaves an available budget of £640k.

- 5.2 The Council is currently paying business rates for the unoccupied business units in the first floor of the building. The cost of this is currently £13, 434.07 per annum, which is being met by the Regeneration team's budget. Therefore, the carrying out of the upgrade works would ensure that the Council are not liable for further rates costs and the units can be occupied to ensure income generation and ensure suitable space is made available to local business.
- 5.3 The process for tendering the service will be undertaken by staff within the Directorate, making appropriate use of corporate expertise and processes in areas such as Procurement, Finance and HR.
- 5.4 Further financial information will be provided in the Delegated Authority Report once the tender documents have been received.

Employment

- 5.5 There are no employment considerations for the Council. Staff employed to deliver the service are currently and will be employed directly by the commissioned provider/s.

Legal (Including Equalities)

- 5.6 All works will be carried out in accordance with Building Regulations, and the Construction Design and Management Regulation 2015.
- 5.7 There will be a requirement to enter into a contract for the provision of this service in accordance with the Public Contract Regulations 2015.

6. Background Papers

- 6.1 None.