

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**OFFICER REPORT TO SUPPORT DELEGATED DECISION
6 NOVEMBER 2024**



Title of Report	MEMORIAL WORKSPACE – BUILDING WORKS	
Presented by	Paul Wheatley Head Of Property And Regeneration	
Background Papers	Coalville Memorial Workspace – Award Of Contract For Refurbishment and Conversion 20 August 2024	Public Report: No
		Key Decision: No
Financial Implications	There are no new financial implications arising from the exercise of delegated powers as recommended in this report. The paper recommends that the project continues to be delivered within the approved budget of £350,000	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Legal Services have been consulted and confirmed that the exercise of delegated powers recommended in this report is lawful. An Exemption to the Procurement Rules as detailed in the paper has been agreed.	
	Signed off by the Monitoring Officer: Yes/No	
Staffing and Corporate Implications	There are no new staffing or corporate issues arising from the contents of this report.	
	Signed off by the Head of Paid Service: Yes/No	
Purpose of Report	To seek a decision under delegated powers to appoint a building contractor to undertake works to the Memorial Workspace building.	
Recommendations	THAT A CONTRACT BE AWARDED TO MERISONS TO CARRY OUT BUILDING WORK TO THE MEMORIAL WORKSPACE BUILDING WITHIN THE PROJECT BUDGET OF £350,000 USING POWERS DELEGATED TO THE STRATEGIC DIRECTOR AT CABINET ON 20 AUGUST 2024	

1. BACKGROUND

1.1. A report was approved by Cabinet on 20 August 2024 which agreed to enter into a Pre Construction Services Agreement (PCSA) (“the contract”) for the Memorial Workspace Project. Additional delegated decision making was also agreed.

1.2. The delegations agreed by Cabinet were:

- APPROVES THE AWARD OF THE CONTRACT WITHIN THE PROJECT BUDGET OF £350,000 AND DELEGATES AUTHORITY TO THE STRATEGIC DIRECTOR FOR PLACE (IN CONSULTATION WITH THE PORTFOLIO HOLDER FOR HOUSING, PROPERTY AND CUSTOMER SERVICE) TO ENTER INTO ALL NECESSARY CONTRACTS AND AGREEMENTS REQUIRED TO IMPLEMENT THE REFURBISHMENT OF THE MEMORIAL TOILET BUILDING AS COMMERCIAL WORKSPACE.
- GRANTS AUTHORITY TO THE HEAD OF PROPERTY AND REGENERATION TO UNDERTAKE DAY TO DAY PROPERTY MANAGEMENT OF THE WORKSPACE TO BE CREATED WITHIN THE MEMORIAL TOILETS BUILDING, AS PART OF THE COUNCIL’S CORPORATE COMMERCIAL PROPERTY PORTFOLIO.
- NOTES THAT LEASES OVER THE MEMORIAL WORKSPACE WILL BE ENTERED INTO (GRANTED) ON MARKET TERMS IN ACCORDANCE WITH THE REQUIREMENTS OF THE COUNCIL’S CONSTITUTION.
- APPROVES THE TRANSFER OF £350,000 FROM THE DEVELOPMENT POOL TO THE ACTIVE POOL IN THE CAPITAL PROGRAMME.

1.3. The reason stated for the award of the PCSA (“the contract”) was the enable the preparation of detailed construction drawings and a Bill Of Quantities. It was noted that the contractor delivering the PCSA would also be asked to provide a price for completing the follow-on building works, but that there was no obligation on the council to accept this price, particularly if it was over budget or did not appear to offer good value to the Council.

1.4. Within the report presented it was made clear that the PCSA had been procured through a two stage mini-competition from the Procure Partnerships Framework.

1.5. Recognising that the PCSA work would take some time to complete and the project has a deadline for completion of expenditure of 31 March 2025, Delegated Authority was sought and obtained in respect of the award of any further contracts (beyond the PCSA) needed in order to complete the project (subject to remaining within the total project budget of £350,000)

2. ISSUES THAT HAVE ARISEN

2.1. Subsequent to the report to Cabinet, the Preferred Contractor (identified in the Cabinet paper) has submitted a fee proposal for completing the PCSA activities. The fee submitted represents a significant proportion of the available project budget and there have been discussions between the Preferred Contractor, the Council’s

Architect and Quantity Surveyor and Council Officers around whether a more cost effective approach exists. All parties have agreed that (as the project is focused on refurbishment rather than new build) a Scope Of Works document rather than detailed drawings and accompanying Bill Of Quantities will achieve the same ends of providing clarity to a contractor as to the construction works they are being asked to price.

- 2.2. A Scope Of Works document has now been prepared and it is no longer necessary for the Council to enter into a formal PCSA contract.
- 2.3. As the next step toward project delivery, following the preparation of the Scope Of Works, the Preferred Contractor has been asked to provide a fixed price tender for delivery of the works set out in the Scope.
- 2.4. The price submitted by the Preferred Contractor against the Scope Of works is £467,782. This is £117,000 in excess of the available budget.
- 2.5. A request has been made of the Preferred Contractor that they look to “Value Engineer” their tender. As a result of this, a revised price of £399,410 has been submitted. This remains £49,000 over budget. The Preferred Contractor has made it clear that any further reduction of price can only be achieved by reducing the scope of works. Reducing scope threatens to compromise the usability and economic life of the building to the Council and is deemed unacceptable.
- 2.6. If a price within budget cannot be secured, then the project will not be able to proceed. An option would be to retender the project, but the time required to carry out this exercise would then leave insufficient time for construction (18 weeks) before the deadline for spending the UKSPF grant.
- 2.7. Having taken advice from both Legal Services and the Council’s Procurement Officer an alternative option has been identified. It has been recommended that officers approach a local building contractor to provide a comparison to the price submitted by the preferred Contractor.
- 2.8. This second option has been actioned and Coalville based builders Merisons have been asked to submit a tender (against a like for like scope of works). The price they have offered is £330,825.
- 2.9. The price submitted by Merisons offers better value than the price submitted by the Preferred Contractor and is within budget.
- 2.10. Acceptance of the tender submitted by Merisons (which was obtained as a comparison price rather than through the mini-competition process) requires an exemption (from the council’s procurement rules) to be in place.
- 2.11. “An exemption can be agreed where - extreme urgency exists for unforeseen reasons which are not attributable to the Council and the various time limits cannot

be met. Inadequate forward planning would not constitute special circumstances and an exemption shall not be permitted in such circumstances,”

2.12. Justification for an exemption can be drawn from the following factors:

- The market has been tested.
- The price submitted by Merisons is less than the best price offered by the Preferred Contractor.
- We will be using a local contractor and supporting the local construction supply chain.
- The original procurement exercise was undertaken with adequate time to obtain a price through competition. The extreme urgency is borne out of the original tender exercise being unsuccessful in delivering a workable price and lack of time to repeat the exercise due to grant expenditure deadlines.
- The necessary forms have been completed and the exemption agreed.

2.13. Forms requesting an exemption have been submitted in accordance with the council’s processes and an exemption granted.

2.14. The Director Of Place now has the ability (subject to consultation with the Portfolio Holder For Housing Property And Customer Services) to decide to appoint Merisons to carry out the building works set out in the Scope Of Works under Delegated Authority. The Council’s Deputy Head Of Legal Services and Deputy Monitoring Officer has confirmed that as decision taken in this way is lawful under the provisions of the Council’s constitution.

3. FINANCIAL

3.1 Accepting the tender provided by Merisons will allow the project to proceed to the same scope at a price less than that submitted by the Preferred Contractor and to be delivered within the timetable for spending the UKSPF grant.. The price submitted by Merisons represents better value and is within the available budget.

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Support for businesses and helping people into local jobs
Policy Considerations:	The approach is consistent with Constitutional provisions
Safeguarding:	None
Equalities/Diversity:	None

Customer Impact:	The approach demonstrates a commitment to obtaining contracts at the best price for local taxpayers
Economic and Social Impact:	The approach will use a local contractor who in turn will support local supply chains.
Environment and Climate Change:	The project aims to improve the Coalville town centre environment.
Consultation/Community Engagement:	Consultation was undertaken as part of the planning application process and through inclusion in the NWL UKSPF Investment Plan
Risks:	The proposed contractor is a long standing company in Coalville with a track record of delivering for the council on numerous projects. The tendered price is a fixed sum and will only vary if the council as client amends the scope of works.
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