

Public Report

Birmingham City Council

Report to: Cabinet

Date: 22nd March 2022



Subject: REVISED FULL BUSINESS CASE AND TENDER STRATEGY FOR WARD END PARK LAKESIDE RENEWAL (DOLPHIN CENTRE) PROJECT

Report of: Rob James, Managing Director City Operations

Relevant Cabinet Member: Councillor John O'Shea, Cabinet Member Street Scene
Councillor Tristan Chatfield, Finance and Resources

Relevant O &S Chair(s): Councillor Kate Booth, Chair Housing and Neighbourhoods Overview and Scrutiny Committee
Councillor Mohammed Aikhlaq, Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Ward End		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009797/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 To obtain approval to the revised Full Business Case and procurement strategy and seek authority to commence the tendering activity for the building improvement works at the Dolphin Centre in Ward End Park with an overall project cost of £1,480,551 (Capital building estimate including fees £1,466,151 and revenue £14,400)
- 1.2 The contract for building improvement works in the Dolphin Centre is proposed to commence in June 2022 for a duration of 9 months.

2 Recommendations

That Cabinet:

- 2.1 Approves the Full Business Case (FBC) in Appendix 1 for the implementation of building works and associated activities at the Dolphin Centre in Ward End Park with an overall cost of £1,480,551.
- 2.2 Approves the contents of this report in order to implement the strategy and the commencement of procurement activity for the building works at Dolphin Centre in accordance with the requirement and approach set out in Paragraph 3.2.5 below.
- 2.3 Notes that the outcome of the procurement process will be reported to the Managing Director – City Operations in conjunction with the Assistant Director, Procurement (or their delegate), the Director, Council Management (or their delegate) and the City Solicitor (or their delegate) who will approve the award of the contract.
- 2.4 Approves the acceptance of £315,000 of Greater Birmingham and Solihull Local Enterprise Partnership Grant for further capital works to enhance the Dolphin Centre building
- 2.5 Approves the use of £132,918 of East Birmingham Programme funding
- 2.5 Approves expenditure of £6,225 in professional fees for the Landscape Practice Group to deliver project management services and £3,775 in professional fees for Norton Hall to provide Client support, funded through the allocation of additional CIL capital resources.
- 2.6 Approves expenditure of £14,400 to contribute towards Corporate Procurement Services support and for various pre-construction surveys, funded through the allocation of Community Infrastructure Levy and East Birmingham Programme revenue resources.

3 Background

- 3.1 Background and Service Requirements

- 3.1.1 On 17th March 2020 Cabinet approved the Full Business Case for the implementation of building and landscape improvement works at Ward End Park with an overall cost of £2,488,000 (split £2.165m capital and £0.323m revenue), to accept the grant award of £1,244,000 and the allocation of match funding in the sum of £1,244,000 to enable the drawdown of the ERDF capital and revenue grant funding
- 3.1.2 On 18th March 2021 MHCLG entered into contract with Birmingham City Council for the award of the ERDF grant for the agreed purposes.
- 3.1.3 Cabinet approved the commencement of the landscaping and building improvement works in the Planned Procurement Activities Report (PPAR) on 15th December 2020. The opportunity has arisen to bid for additional capital funding and therefore this new report incorporates the new funding requirements for the building works only in addition to the Phase 1 approval.
- 3.1.4 On 10th January 2022 the award of contract for the Ward End Park landscape works was approved by the Managing Director – City Operations in conjunction with the Assistant Director, Procurement (or their delegate), the Director, Council Management (or their delegate) and the City Solicitor (or their delegate) and an order has been placed with the successful tenderer.
- 3.1.5 There is now a requirement to commence the procurement activity for the building improvement works. The increase in the estimated value of the works with more funding available to deliver an enhanced scheme is over the 20% tolerance approved in the PPAR, hence the requirement to seek a further Cabinet approval for the procurement strategy as detailed in paragraph 3.2 below>

3.2 Building Improvement Works

3.2.1 The works consist of:

- The extension and retrofitting of the Dolphin Centre building in Ward End Park with green energy and carbon reducing technologies.
- The provision and equipping of space within the building for a Youth Hub where a Job Centre Plus Youth Employability Coach will provide intensive support to young people from the local community
- The installation of a lift to provide disabled access to the middle and lower floors of the building
- The creation of a café, which will provide opportunities for local unemployed women to gain work experience.
- The installation of upgraded digital connectivity including secure closed Wi-Fi for the Youth Employability Coach (DWP requirement) and a free public hotspot for the use of the community

3.2.2 Outcomes Expected

The following outcomes are anticipated as a result of the proposed procurement process to be carried out:

- Retrofitting and refurbishment of the Dolphin Centre increasing capacity to provide an attractive and accessible public building on the front of Ward End

Park that will provide increased capacity for training local women and young people and also encourage visitors into the park.

- Decrease in greenhouse gas emissions through energy efficiency measures including better insulation and triple glazing.
- Decrease in primary energy consumption of the existing building through renewable energy interventions including photovoltaics and installation of an air source heat pump.

3.2.3 Market Analysis

The market for building improvement works is a mature market with companies ranging from small and medium enterprises up to a small number of larger national organisations that may be interested in the tendering for this opportunity.

3.2.4 Strategic Procurement Approach

The following options were considered:

- To carry out a procurement process - this is the recommended option on the basis that it will allow the Council the most flexibility in specifying our service provision and enable the contract to be awarded within the timescales whilst also attracting the widest number of organisations to tender for the opportunity.
- To use a collaborative framework agreement. There are framework agreements in place that cover the requirements, such as Constructing West Midlands. This option was discounted as the funding agreement conditions and proposal stipulated that the Council follow an open tender route in line with the European Structural and Investment Funds Regulations

3.2.5 Procurement Approach

3.2.5.1 Duration and Advertising Route

The value of the contract is below the works threshold and will be tendered using the 'Open' Procedure and advertised in the Find A Tender, Contracts Finder and www.finditinbirmingham.com.

3.2.5.2 Sourcing Strategy

The contract will be awarded to one supplier.

3.2.5.3 Procurement Route

The requirements will be tendered following the 'Open' Procedure on the basis that:

- There are a sufficient number of service providers in the marketplace that can provide the required services to the Council.
- The services can be clearly defined

3.2.5.4 Scope and Specification

The building improvement works are for the following:

- retrofitting of the existing former Sea Cadets Building (The Dolphin Centre) with energy efficient enhancements to the fabric including triple glazing, insulation and additional floor space
- energy efficient mechanical installations including an air source heat pump, photovoltaic panels and other associated works.
- Installation of a lift to provide disabled access to the middle and lower floors of the building
- The creation and fitting out of a café,
- The installation of upgraded digital connectivity.

3.2.5.5 Tender Structure (Including Evaluation and Selection Criteria)

Evaluation and Selection Criteria

The quality price balances below were established having due regard for the corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided. The tender documents will include the Council's terms and conditions appropriate to construction marketplace.

The evaluation of tenders will be assessed as detailed below:

The assessment will be divided into the following stages:

Stage 1 – Selection Stage

Stage 2 – Invitation to Tender

Stage 1 – Company Information

Criteria	Evaluation
STAGE ONE - Selection Stage	
Company Information	Pass / Fail
Financial Information (including Insurance)	Pass / Fail
Health and Safety	Pass / Fail
Compliance with Equalities	Pass / Fail
Quality Management	Pass / Fail
Grounds for Mandatory Exclusion	Pass / Fail
Grounds for Discretionary Exclusion	Pass / Fail
Modern Slavery Act 2015	Pass / Fail
Technical and Professional Ability	Pass / Fail
Declaration	Pass / Fail

Tenderers will be required to pass all elements of Stage 1 to progress to Stage 2.

Stage 2 – Invitation to Tender Stage

Evaluation and Selection Criteria

Tenders will be evaluated using the social value/quality / price assessment against the specification in accordance with a pre-determined evaluation model. The quality element 40%, the social value will account for 10%, and the price element 50% of the tender. This social value/quality / price balance has been established having due regard to the corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided and the degree of detail contained within the contract specification. It has also been included in the ERDF Grant Funding Agreement.

Quality (40% Weighting)

Criteria	Overall Weighting	Sub-weighting
Technical Competency and Capacity	40%	40%
Organisation and Resources		30%
Project Management and methodology		30%

Tenderers who score less than 60% of the quality threshold i.e. a score of 60 out of a maximum quality score of 100 (60 marks out of 100) will not proceed to the next stage of the evaluation.

Social Value (10% Weighting)

Pass fail – Compliance with the Council's Living Wage Policy.

	Sub-Weighting	Sub-Criteria	Theme Sub-Weighting
Qualitative	25%	Local Employment	25%
		Partners in Communities	40%
		Good Employer	10%
		Green and Sustainable	15%
		Ethical Procurement	10%
			TOTAL 100%
Quantitative	75%	BBC4SR Action plan	Total of financial proxies (£) score
			TOTAL 100%
Overall Social Value	100%		

The Social Value weighting has been set at 10% rather than the current 20% value in order to comply with the weightings set out in the current Grant Funding Agreement with the ERDF Managing Authority, which was approved by both parties and signed off prior to the Council's policy change.

Price (50% Weighting):

Tenderers will be required to complete a pricing schedule based upon the delivery of the works specified.

Overall Evaluation

The evaluation process will result in comparative quality, social value and price scores for each tenderer. The maximum quality score will be awarded to the bid that demonstrates the highest quality. The maximum social value score will be awarded to the bid that demonstrates the highest social value. The lowest price will be given the maximum score. Other tenderers will be scored in proportion to the maximum scores in order to ensure value for money and the proposed contract will be awarded to the first ranked tenderer.

3.2.5.6 Evaluation Team

The evaluation of tenders will be undertaken by officers from the Landscape Practice Group, City Operations Directorate, Norton Hall Children and Family Centre and their appointed architect, supported by officers from Corporate Procurement Services.

3.3 Risk

3.3.1 The CPS approach is to follow the Council Risk Management Methodology and the Procurement Team is responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk register for the service has been jointly produced and owned by Landscape Practice Group and CPS with arrangements being put in place to ensure operational risks are appropriately mitigated to protect the Council.

3.4 Indicative Implementation Plan

Action	Date
Cabinet Approval (Strategy)	22 March 2022
ITT Issued	01 April 2022
ITT Return	29 April 2022
Evaluation Period	May 2022
DPR Approval (Award)	26 May 2022
Contract Award	02 June 2021
Contract Start	16 June 2022
Contract Completion	10 March 2023

3.5 Service Delivery Management

3.5.1 Contract Management

The building contract will be managed operationally by the Head of Landscape and Development with support from the appointed architect from Stride Treglown Ltd. and their Project Manager and the Contract Manager within the Corporate Procurement Services. Due to the eligibility restrictions on the ERDF funding element, the Building Design Consultants were procured through an open tender process via Find it In Birmingham rather than direct award to Acivico.

4 Alternative Options considered and Recommended Proposal

- 4.1 To not accept the additional funding – this would not enable the delivery of the works that comprise the second phase of the building improvements, which have been planned since the inception of the project.
- 4.2 To accept the funding – this is the recommended proposal and will help deliver the whole building project through a single contract and ensure value for money.

Alternative procurement options are shown in paragraph 3.2.3

5 Consultation

- 5.1 Dolphin Centre service users are consulted on a regular basis to identify the changing needs of the local community.
- 5.2 Extensive consultation on the development of the Dolphin Centre has been carried out by Norton Hall Children and Family Centre over the last five years, and it is the responses from the local community that helped shape a vision for the Dolphin Centre and the services the Social Enterprise delivers.
- 5.3 The majority of respondents, more than 75%, were keen to have support for getting into work, including CV writing and job search skills, and to have the opportunity to improve their education and skills. 25% of respondents were aged between 18 and 24 years of age.
- 5.4 The East Birmingham Ward Members Forum and the East Birmingham Board, representing a number of local and regional stakeholders, were consulted about these proposals on 31st January and 2nd February 2022 respectively.

6 Risk Management

- 6.1 The Project Manager has produced and is maintaining a Risk Management Schedule for the project which includes funder output requirements.
- 6.2 A summary of the project risks is recorded in paragraph G2 of Appendix 1 attached to this report

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The proposals in this report will contribute to the Council's key outcomes namely:

- **Birmingham is an aspirational city to grow up in** - Through the enhancements to the Dolphin Centre and creation of additional learning space more women and young people will gain access to learning and skills that will increase their opportunities for employment and enterprise.
- **Birmingham is a great, clean and green city to live in**- Through the visible investment and physical improvement of the building increased numbers of residents will be encouraged to participate in recreational and physical activity in the surrounding parkland, and
- Taking a whole building and whole place approach, the employment of energy saving and low carbon technologies will help to deliver the ambitions set out in the Carbon Roadmap, where the City Council is committed to a 60% carbon reduction by 2027, which is reflected in the environment and sustainability policies and targets of the Birmingham Development Plan.

7.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of these contracts. Tenderers will be required to submit an action plan with their tender that will be evaluated in accordance with the procurement strategy set out in paragraph 3 and the action plan of the successful tenderers will be implemented and monitored during the contract period

The contract includes compliance with the Council's Living Wage Policy.

7.2 Financial Implications

7.2.1 The current approved capital programme is £2.165m as per the March 2020 Cabinet Report which authorises the spend of the approved allocation on the landscape and building elements of the project.

7.2.2 The table below identifies that the building element of the project, which was originally estimated to be £0.998m, has increased by £0.468m to £1.466m, the additional costs to be funded from GBSLEP and the East Birmingham Programme.

CAPITAL FUNDING	2021/22 £	2022/23 £	2023/24 £	Total £
ERDF Funded	33,000	322,276	155,300	510,576
BCC Capital (CIL)	18,000	260,969	108,606	387,575
GBSLEP	0	210,000	105,000	315,000
East Birmingham Programme	15,000	115,000	0	130,000
HS2 LTD CEF	0	0	75,000	75,000
NHLF (Norton Hall)	0	48,000	0	48,000
TOTAL	£66,000	£956,245	£443,906	£1,466,151

7.2.3 The revenue implications of £14,400 for the delivery of the project comprise additional surveys and internal charges for Corporate Procurement Services support.

7.2.4 The revenue consequences for the upkeep of the building and running costs will be covered by Norton Hall Children and Family Centre through the future Community Asset Transfer lease of the building.

7.3 Legal Implications

7.3.1 Development of a strategy to improve community facilities, support community engagement and deliver fit for purpose training accommodation is made pursuant to the general power of competence contained in s1 Localism Act 2011.

7.3.2 Information Management

There are no information management issues related to personal data.

7.4 Procurement Implications

7.4.1 This report concerns the procurement strategy for building improvement works and the implications are detailed throughout the report.

7.5 Human Resources Implications

7.5.1 Officers from Inclusive Growth, City Operations, the Education and Skills Directorate and Corporate Procurement Services are working collaboratively with external partners and the professional consultants to procure and deliver the project.

6.2 Public Sector Equality Duty

7.1.1 An equalities assessment has been undertaken for this project and there are no adverse impacts identified at this stage. (Ref: EA002924).

7 Background Documents

East Birmingham Inclusive Growth Programme – Programme Business Case Cabinet Report 27th July 2021

8. List of Appendices:

Appendix 1 – Full Business Case

Appendix 2 – Equalities Assessment

Appendix 3 - Dolphin Centre Environment and Sustainability Assessment

Appendix 4 – Dolphin Centre Lakeside Visualisation