

Birmingham City Council

Report to Cabinet.



28th June 2022

Subject: Dolphin Centre Building Improvement Works - Additional Capital Funding and Contract Award

Report of: Robert James, Strategic Director of City Operations

Relevant Cabinet Member: Cllr Majid Mahmood, Cabinet Member for Environment
Cllr Yvonne Mosquito, Cabinet Member for Finance and Resources.

Relevant O &S Chair(s): Cllr Mohammed Idrees, Housing and Neighbourhoods
Cllr Akhlaq Ahmed, 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: 010269/2022		
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 checked="" type="checkbox"/> Yes	No
If relevant, provide exempt information paragraph number or reason if confidential: 3.		

1 Executive Summary

- 1.1 To approve additional capital funding of a further £555,700 and the award of a contract following a procurement process for the building improvement works at the Dolphin Centre in Ward End Park.
- 1.2 £1,466,151 of capital expenditure was previously approved by Cabinet in the Revised Full Business Case and Tender Strategy for the Ward End Park Lakeside Renewal (Dolphin Centre) Project report dated 22nd March 2022.
- 1.3 The case for allocation of additional capital was presented to the Capital Board by email on 9th June 2022. The Capital Board supported the business case, however as the value is in excess of the Chief Officer delegation of £200,000 the formal decision is with Cabinet.

2 Recommendations

- 2.1 Approves the additional allocation of £555,700 from the capital programme for the building improvement works at the Dolphin Centre in Ward End Park.
- 2.2 Approves the award of a contract to Building Services Now Ltd for the building improvement works at the Dolphin Centre in Ward End Park for a construction period of 40 weeks as detailed in Appendix A.
- 2.3 Notes the amendment to the procurement strategy approved by Cabinet dated 22nd March 2022 for the reasons detailed in Appendix A.
- 2.4 In the event of recommendation 2.2 above not being approved, the alternative procurement strategy as noted in 7.4 is to use Acivico Ltd's Constructing West Midlands 2 Framework Agreement or another compliant framework agreement in accordance with its rules and delegate the award of a contract to the Strategic Director of City Operations in conjunction with the Assistant Director, Procurement (or their delegate), the Director, Council Management (or their delegate) and the City Solicitor & Monitoring Officer (or their delegate).
- 2.5 Authorises the City Solicitor and Monitoring Officer to negotiate, execute and seal and complete all necessary documentation to give effect to the above recommendations

3 Background

- 3.1 The East Birmingham Programme was agreed by Cabinet in July 2021. The approach is comprehensive regeneration enabled by partnership working, led by the East Birmingham Board which is chaired by the local MP with the Leader and Chief Executive of the Council, and includes representation from HS2, GBSLEP, WMCA, the NHS and a range of other key stakeholders.
- 3.2 The Dolphin Centre project has been identified as a priority for the East Birmingham Programme and the Business Case approved by the GBSLEP identified positive economic outcomes with a high Benefit Cost Ratio (BCR) value. Even with the increased costs the economic modelling gives a very favourable BCR.
- 3.3 Cabinet approved the budget and the procurement strategy for the building improvement works at the Dolphin Centre in the Revised Full Business Case and Tender Strategy for the Ward End Park Lakeside Renewal (Dolphin Centre) Project report dated 22nd March 2022.
- 3.4 Since the Cabinet approval, a procurement process was undertaken and during the evaluation process, it was established that no suitable tenders

were received due to them not meeting the quality evaluation criteria standards or within the approved works budget which was not foreseen.

- 3.5 As a consequence, there is now a requirement to request additional funding and also to conclude an alternative procurement process as detailed in Appendix A. Capital Board supported the allocation of additional capital resources for the building improvement works at the Dolphin Centre in Ward End Park on 14th June 2022 and as the allocation is in excess of £200k, the formal decision requires Cabinet approval. The financial information relating to the revised procurement process is in exempt Appendix B.

4 Options considered and Recommended Proposal

- 4.1 Do nothing – this is not an option as additional funding is required for the completion of a project which supports the Council's priorities.
- 4.2 To demolish and rebuild the building – this is not an option as the capital costs for a rebuild are prohibitive and would cause additional delays for a much-needed community project. There are also the high costs associated with demolition and disposal of the existing fabric, the sourcing of new materials, and the delays that will be necessary to commission a redesign, seek planning approval and retender the works. Furthermore, the external funding is specifically for a retrofit project not a new build. Even if there was sufficient money available for this option, it still would be less value for money than retrofit.
- 4.3 Approve additional capital funding and award the contract for the building improvement works at the Dolphin Centre – this is the recommended proposal to enable the award of contract. Failure to award a contract and approve the additional funding will result in the loss of a significant level of European Regional Development Fund and other external grants to support the regeneration of a deprived area in east Birmingham.

5 Consultation

- 5.1 The Department for Levelling Up Housing and Communities, the Managing Authority for the European Regional Development Fund grant, will be informed of the revised works budget for this element of the project.

6 Risk Management

- 6.1 Without additional funding there would be a significant reputational risk to the Council if we were no longer able to deliver the proposed regeneration of the Dolphin Centre in Ward End Park as an early win for the East Birmingham Regeneration Programme.

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)

Building Services Now Ltd is an accredited signatory to the BBC4SR and has produced an action plan with commitments relevant to the contract. These actions will be monitored and managed during the period of the contract.

The list below shows the headline social value actions committed over the contract period:

- 2 jobs created for site operatives
- 20 hours for local people to interview and CV skills
- 6 weeks work experience for a young person at the site office
- 100% of all orders with sub-contractors within 30miles of the site
- Payment of the Real Living Wage.

7.2 Financial Implications

7.2.1 This report is seeking approval for additional capital funding to meet the budget shortfall following the procurement exercise from Community Infrastructure Levy and East Birmingham Programme resources. Funding has been identified to cover the increase in cost.

7.2.2 Retrofit is proven to be more value for money than the demolish and rebuild option and the business case indicates that the value of the building will increase by more than the amount spent on it.

7.2.3 The financial implications are recorded in the private appendix of this report

7.3 Legal Implications

7.3.1 Awarding a contract 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 There are no information management issues relating to personal data.

7.4 Procurement Implications

7.4.1 The procurement implications for the award of contract, following a compliant route for the building improvement works at the Dolphin Centre are detailed in Appendix A.

7.4.2 In the event of failing to conclude the negotiations, an alternative procurement strategy for the works would be required. This is to use Acivico Ltd.'s Constructing West Midlands 2 Framework Agreement or another compliant framework agreement in accordance with its rules. Note that there would be implications for the securing of ERDF funding if this alternative procurement route was to be adopted.

7.5 Human Resources Implications

7.5.1 The contract will be managed by the Head of Landscape and Development.

7.6 Public Sector Equality Duty

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

8 Background Documents

8.1.1 Revised Full Business Case and Tender Strategy for the Ward End Park Lakeside Renewal (Dolphin Centre) Project report dated 22nd March 2022.

List of appendices accompanying this report:

- Appendix A – Procurement Process
- Appendix B – Exempt Information
- Appendix C - Equality Act 2010

- Appendix D- Environment and Sustainability Assessment, Dolphin Centre

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) tackle prejudice, and (b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> (a) Marriage & civil partnership (b) Age (c) Disability (d) Gender reassignment (e) Pregnancy and maternity (f) Race (g) Religion or belief (h) Sex (i) Sexual orientation