

TOWN HALL LEASE AND REMODELLING PROJECT (16)
Councillor David Seaton, Cabinet Member for Resources in consultation with the Leader of the Council
October 2018
Deadline date: 19 th October 2018

Cabinet portfolio holder: Responsible Director:	Cllr David Seaton, Cabinet Member for Resources, in consultation with the Leader of the Council Peter Carpenter, Acting Corporate Director Resources
Is this a Key Decision?	NO If yes has it been included on the Forward Plan: N/A Unique Key decision Reference from Forward Plan: KEY/20AUG18/01
Is this decision eligible for call-in?	NO
Does this Public report have any annex that contains exempt information?	YES
Is this a project and if so has it been registered on Verto?	YES Verto number: PR002491

RECOMMENDATIONS

The Cabinet Member, in consultation with the Leader of the Council, is recommended to:

1. Authorise the Council to enter into an Agreement for Lease and Lease on the agreed Heads of Terms with Cambridgeshire & Peterborough NHS Foundation Trust (CPFT).
2. Authorise the Council to enter into a Pre-Construction Services Agreement (PCSA) to the value of £116,203.19 and an Early Works Agreement (EWA) to the value of £154,471.08 with RG Carter (Cambridge) Ltd to respectively undertake design and enabling works in advance of the main construction works.
3. Authorise the Council to enter into any other legal documentation on behalf of the council in relation to this matter, including a design and build contract for the main construction works subject to a full value for money report and Cabinet Member Decision Notice.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.3 and 3.4.8 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i) and (j).
- 1.2 There is an exempt annex which is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of the Council namely the details of the tender prices submitted by the unsuccessful contractors. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would compromise the Council's position when procuring similar works.

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

- 3.1 The Council will enter into an Agreement for Lease and Lease with the Cambridgeshire & Peterborough NHS Foundation Trust, with completion of the Lease conditional upon the completion of the works of refurbishment.
- 3.2 This report seeks the Cabinet Member's approval for the recommendations supporting the remodelling of the Town Hall North to enable it to be let to the Cambridgeshire & Peterborough NHS Foundation Trust.
- 3.3 The Council's offices have relocated to Sand Martin House and subsequently parts of the Town Hall will be let for occupation. In readiness for the occupation of the north side of the Town Hall by an external organisation refurbishment works are required.
- 3.4 Authorisation is being sought for the pre-construction design and enabling works required to make ready the north side of the Town Hall for the new tenant. The proposed contractor for this work has been procured under Peterborough City Council's Construction Framework. This framework was procured using the restricted procedure under the Public Contract Regulations 2015. The framework agreement commenced on 1 January 2017 for a period of four years.
- 3.5 The framework permits a contract to be called-off by the Council under a mini competition process and the Council has procured the design and enabling works (demolition and building strip out) set out in this report through this process. A mini competition was undertaken under Lot 3 (value £2m to £5m) and the outcome of this process is set out in the summary of the weighted scores in section 3.6.

3.6

	Contractor A (%)	Contractor B (%)	Contractor C (%)
Price (out of 70)	100.00	98.92	85.36
Quality (out of 30)	60.00	76.67	65.00
Total	88.00	92.25	79.25

3.7

The initial pre-construction works (PCSA) will capture the detailed design and costing of the overall works. It is anticipated that this phase will start in early October 2018.

3.8

The early works will be for the demolition and strip out of the north side of the Town Hall required prior to the award of the main construction contract. It is anticipated that this phase will start in January 2019.

3.9

Subject to the final design and costs of the works being acceptable to the Council as assessed by a full value for money analysis and Cabinet Members Decision Notice a contract will be awarded to undertake the main works.

3.10

It is anticipated that the main contract will be awarded in early March 2019. The programme of main works is scheduled to start in April 2019 and to be completed by December 2019 to enable the new tenant to take up occupancy shortly thereafter.

3.11

It is vital that the programme is completed on time to meet the council's business case assumptions on the income that will be generated from renting the offices and the requirements on the new tenant to vacate their current premises. To meet the programme deadlines the construction contract needs to be in place by March 2019.

3.12

The new tenant (CPFT) is contributing towards the refurbishment costs of the fit out as set out in the lease between the Council and CPFT.

4. CONSULTATION

4.1

The CPFT has been consulted as part of the initial design and feasibility assessment. Its financial contribution represents the value of the works over and above the base build works required to refurbish the site to an NHS specification.

4.2

It is not proposed that other consultations should be undertaken at this stage.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1

The letting of this space in the Town Hall supports the council's financial plans and the development of the Fletton Quays site following the vacation of the Town Hall north side in the move to the Sand Martin house location.

6. REASON FOR THE RECOMMENDATION

6.1

Agreeing the recommendations will enable formal contractual arrangements to be confirmed to commence the development of the design and early works and, ultimately, the main refurbishment work. This in turn will enable the Council to fulfil its intention to let

the space at the Town Hall within the timeframes described.

- 6.2 This will secure additional revenue for the council in support of its medium term financial plans and support its move the new council offices at Sand Martin House.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 Three alternative options have been considered:

1. Do nothing and mothball the building: this was rejected because it would leave the Council having to cover a high revenue expenditure on an empty space.
2. Try to let the building as it is: this was rejected because the building would require the same level of capital expenditure to get it to a state that would be attractive to the market; securing a new tenant would result in a delay with additional revenue costs to the Council and the rental income is likely to be lower than secured under option 3.
3. Refurbish the building and let it to the CPFT: this was the preferred option as it has the least ongoing revenue impact on the Council finances and it secures a long term income for the Council.

8. IMPLICATIONS

Financial Implications

- 8.1 The PCSA and EWA recommended for approval in Recommendation 2 are within the approved capital programme for this scheme. The agreement for lease and consequent construction works referred to in Recommendations 1 and 3 will ultimately require the allocation of additional capital budget which will be funded in part by additional rental income. The overall impact to the Council will be an annual revenue pressure of £69k, and this will be factored into the proposed budget setting process for 2019/20. The proposal represents the lowest cost option compared to the budgetary impact of not letting the site, or letting on less favourable terms and not increasing the capital investment.

Legal Implications

- 8.2 The Local Government (Contracts) Act 1977 makes provision about the powers of local authorities to enter into contracts. Every statutory provision conferring or imposing a function on a local authority confers power on the local authority to enter into a contract with another person for the provision of services, for the purposes of, or in connection with, the discharge of the function of the local authority.
- 8.3 The procurement of the contract for the refurbishment works has been undertaken in accordance with the Public Contracts Regulations 2015 as set out within this report.

Equalities Implications

- 8.3 The design of the refurbished area will be compliant with all relevant legislation to ensure accessibility for all.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

9.1 None.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10.1 Cabinet Member Decision Notice Council Office Consolidation: MAR16/CAB/16

11. APPENDICES

11.1 Appendix A – Tender Prices Submitted - Exempt