

**ANGUS COUNCIL**

**COMMUNITIES COMMITTEE – 30 SEPTEMBER 2014**

**VEHICLE WORKSHOP AND ACCOMMODATION ALTERATIONS – ACROP RECYCLING CENTRE, PEASIEHILL, ARBROATH**

**REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES**

**ABSTRACT**

Report seeking authority for the proposed procurement where the maximum value of the contract is above the Chief Officer's delegated authority limit.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Committee:

- (i) approves the estimated total cost of £2,670,000 (at out turn prices)
- (ii) approves the procurement authority, as contained in this report, in accordance with the process stated in Section 16.8 and 16.24.16 of the Financial Regulations;
- (iii) notes that this project will be funded from a total allowance of £2,994,000 set aside for the capital elements of the Shared Service Agenda for Partnership working between Angus Council and Tayside Contracts contained in the Regulatory, Protective and Prevention Services – Communities section of the General Fund Capital Programme 2013/2018 as approved at the Policy and Resource Committee held on the 2 September 2014 (Report 372/14 refers). The 2013/2018 General Services Financial Plan will be amended once all the capital costs relating to the Shared Services Agenda project have been collated;
- (v) notes the financial implications included in Section 6 of this report.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN**

2.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities
- Angus is a good place to live in, work and visit
- Our communities are developed in a sustainable manner

**3. BACKGROUND**

3.1 A review was carried out on the Business Case for the long term provision of Fleet Services including vehicle workshop facilities and a proposed partnership arrangement with Tayside Contracts. As part of this review it was identified that in order to provide vehicle workshops, messing facilities and office accommodation improvement works would be required to the existing Angus Communities Recycling Opportunities Partnership (ACROP) building at Peasiehill, Arbroath. The latest Business Case was approved by the Communities Committee on the 20 June 2014 (Report No 268/14 refers).

3.2 The ACROP building, access roads and adjacent parking, external storage and turning area is owned by Angus Council. Adjoining properties have shared access rights across the access roads, external storage and turning area. The 'GRASSED AREA' identified on the drawing in Appendix 1 has been leased and this was approved by the Communities Committee on the 15

April 2014 (Report No 173/14 refers). Landlords consent is required to carry out any works to the leased area, however it is anticipated that based on the proposed scheme this will not be withheld. The site position and layouts of the proposed scheme are shown in the attached **Appendices**.

#### **4. PROCUREMENT AUTHORITY**

##### **Description of Works**

- 4.1 The works comprise alterations to the existing ACROP building to provide vehicle workshop, messing and office facilities. The total area of the facility to be provided is approximately 2,400m<sup>2</sup> including a two storey messing and office area of approximately 500m<sup>2</sup>.
- 4.2 The facilities to be provided includes twelve workshop bays with associate vehicle access pits/lifts and exhaust extraction system, compressed air installation, waste oil tank, hydraulic and engine oil distribution system, a new internal separating wall to segregate the main ACROP facility, blacksmith workshop with overhead motorised crane, grounds maintenance workshops, reception/ offices, male, female and accessible office toilets, male, female workshop toilets, parts washing room, battery room with fume extraction and parts storage. A mezzanine floor level is to be installed to provide accommodation comprising workshop kitchen/ messing area, male lockers/ changing area, male toilets/ shower area, female lockers/ changing area, female toilets/ shower area, IT/ store room, large storage areas and a plant room. The outer skin of the wall cladding which is in poor condition is to be replaced.
- 4.3 External works are to include new hard standing area to the front of the building to accommodate vehicle parking and improve access to the workshop bays, recycling/ waste/ storage area, tyre store vehicle wash bays with associated drainage/ fuel interceptor, fencing to staff car parking area, bollards and external lighting.
- 4.4 An existing retaining wall which is in poor condition and runs along the length of the access road has been confirmed as being owned by Angus Council. Due to its poor condition this retaining wall will require to be replaced. An allowance for these works, which were not in the original feasibility costs, has been included within the estimated total cost in section 6.

##### **Objectives**

- 4.5 The development of the ACROP building to provide workshop facilities serving Angus Council and Tayside Contracts was identified as a key part of preferred partnership option contained in the Business Case. The objective is to provide a more efficient service with an increased capacity to service vehicles and reduce access problems compared to existing facilities.
- 4.6 Members of the Partnership board including officers from Tayside Contract and Angus Council have collaborated to develop feasibility studies and an initial design which:
  - best meets the objective of a shared functional and efficient workshop facility
  - has identified an appropriate location for the facility and
  - can be delivered at a reasonable cost and within a reasonable timescale.

##### **Procurement Options**

- 4.7 Collaborative procurement opportunity details were passed to Tayside Procurement Consortium (TPC) colleagues on 30 July 2014. Confirmation was received on the 31 July 2014 from TPC that based on the size, type and timescale of the proposed project there are currently no opportunities for collaborative procurement for the Council's requirements under the umbrella of TPC.
- 4.8 Two main procurement options were considered by the Partnership board and Council officers:
  - In-house design and procurement through restricted selection process and tendering with bills of quantities and detailed drawings to selected tenderers. Design fully considered and agreed with client, works comprehensively described, quantified and

priced thus providing enhanced degree of cost certainty. This option allows for statutory permissions to be approved prior to tender documents being issued. This minimises the lead-in/ mobilisation period prior to commencement on site.

- A select list of tenderers, following a restricted selection process, is invited to offer competing designs based on the clients functional requirements. The detailed specification and design is mainly left with the tenderers and the increased design risk placed on the tenderers may lead to increased costs. An analysis of the tenderers returns is carried out which often requires significant clarification to ensure the client requirements are met. The successful contractor is appointed to deliver the project following the tender analysis. This option normally requires a shorter period for preparation of tender documents however the successful contractor is required prepare and obtain statutory approvals such as building warrants and planning before works can commence on site. This can significantly extend the lead-in/ mobilisation period between the appointment of the successful contractor and the work commencing on site. In this case, little or no saving in time overall is anticipated compared with the option above.

- 4.9 Whilst each procurement option has its advantages, and disadvantages, and is suited for differing circumstances it is the recommendation of the Head of Technical and Property Services that the most appropriate procurement option to deliver the stated objectives is to utilise the in-house design approach encompassing open market competition on a two-stage restricted procedural basis within a single contract lot.
- 4.10 The procurement option selected will ensure that Angus Council has complete control of the design and procurement process thereby obviating any delays; ensuring that the project is designed to fulfil client requirements and utilises the experienced resources within Technical and Property Services.
- 4.11 This report details the funding arrangements and procurement options for the alterations to the ACROP building to provide a vehicle workshop, office and messing facilities that fall within the procurement authority requirements contained in Financial Regulations (FR) 16.8. This procurement is not considered to be a “major procurement” in terms of Financial Regulation 16.8.4. Approval of this report would mean that the contract can be accepted without the need for further approval by the relevant committees. In accordance with the current arrangements the contract award will be the subject of a ‘Noting Report’ and will be available on the ‘Information Hub’.

### **Programme**

- 4.12 It is anticipated that the procurement process for these works will begin in October 2014 with the placing of an advert for the proposed supply on the Public Contracts Scotland web portal. Subject to the approval of this report the subsequent tenderer selection process will be carried out in accordance with the Financial Regulations. In line with the Technical and Property Services general oversight of this type of procurement this project is considered to be at a level where no special requirements are appropriate to provide additional opportunities for the local supply base, due to the value of the works. Suppliers who have previously engaged with Angus Council on construction projects have been provided with written notification on the use of the Public Contracts Scotland web portal for contracts of this size. As this project is advertised through the portal the local supply base, as indicated in previous similar procurement, can easily access the advert and decide on whether they wish to provide a note of interest and complete a pre-qualification questionnaire.
- 4.13 Following the finalisation of the list of tenderers and preparation of tender documents, it is anticipated that an invitation to tender will be issued in February 2015 and returned by March 2015. Once the tenders have been assessed an acceptance will be issued to the lowest acceptable tenderer by late March 2015. The contract is anticipated to start on site in April 2015 following a four week Construction Design and Management planning lead-in period. The contract period is currently 32 weeks which, based on the programme dates above, would allow for a contract completion by late November 2015.

### **Whole Life Costing**

- 4.14 In accordance with standard practice the Technical and Property Services has integrated whole life costing within its best practice design approach to these works to fulfil the range of

design objectives detailed earlier. As the majority of the works are being carried out internally to an existing building the opportunity to incorporate, into the building fabric, significant sustainability measures is low.

- 4.15 In spite of this the design will take into account sustainability measures where practical to reduce carbon dioxide (CO<sub>2</sub>) emission levels. These measures will include:
- installation of photovoltaic panels to the roof where appropriate. These panels are connected into the electricity supply system and generate electricity which will reduce overall energy costs.
  - insulation to the walls and roof in the messing and office areas.
  - installation of low energy light fittings.
  - installation of voltage optimisation equipment to reduce electricity consumption.
  - installation of building management system to optimise the efficient control of heating and ventilation plant.
- 4.16 This project will be designed to incorporate sufficient materials with a high recycled content that the target of 10% by value of recycled content in property related construction projects valued over £1 million will be achieved. The design will also incorporate the Sustainable Timber Policy approved by the Corporate Services Committee on the 23 October 2008 (Report No. 1040/08, Article 11 refers) ensuring that all timber or timber materials required for this contract will be from sustainable sources.
- 4.17 The works will include a requirement to procure from statutory utility providers including telephones, gas, electricity and water. In these circumstances payment in advance on the basis of single quotations is warranted. The statutory utility provisions will be procured in accordance with Financial Regulation 16.24.16 and will be funded from within the estimated total cost figure contained in section 6 below.

## **5. CURRENT POSITION**

### **Procurement Procedure**

- 5.1 It is considered that, following the full design with quantities option, a two-stage 'restricted' tender procedure is the best means of procuring the works. There is anticipated to be a high degree of interest in tendering for this work, based on similar projects and this process will allow the Council to select a list of the most appropriate applicants to receive tender documents. The tenderer selection process will follow Technical and Property Services normal procedures for a contract of this size and nature. This will include applying a minimum qualification combined with a comparative supplier selection to provide a tender list of up to a maximum of six tenderers. The selection will be based on minimum financial, technical, prohibited lists and health and safety requirements together with comparative evaluations on previous relevant experience, technical references/statements, levels of resources, equal opportunities and environmental awareness.
- 5.2 Once the first stage process is completed tender documents will be issued to the selected tenderers through the Public Contracts Scotland web portal. Following the expiry of the tender period the completed tenders uploaded to the secure portal electronic 'post box' will be evaluated. The contract will be awarded on the basis of the lowest acceptable price to the Council, in accordance with the conditions of contract.
- 5.3 The Corporate Procurement Manager has been consulted on the proposed procurement process and outline requirement and is satisfied that that this approach is suitable and likely to produce best value for the Council.

## **6. FINANCIAL IMPLICATIONS AND ALLOWANCE IN ESTIMATES**

### **Estimated Total Cost**

- 6.1 The estimate cost for the alterations to the ACROP building to provide a vehicle workshop, office and messing facilities is:

Building works	£2,200,000
Allowance for professional fees, supervisory, travel and administrative expenses	£295,000
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	£2,495,000
Allowance for replacing existing retaining wall	£100,000
Allowance for statutory approvals and sundry expenses	£20,000
Allowance for furniture, white goods and IT installations	£30,000
Allowance for initial project appraisal and feasibility costs	£25,000
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Estimated total cost (at out-turn prices)	<u>£2,670,000</u>

### Revenue Implications

- 6.2 As noted in Report No 268/14 a review of the asset management opportunities that the development of the new workshop and the wider shared services agenda will be prepared by the Transforming Angus Team and will form part of a further progress reports presented to the appropriate Committee.

### Capital Funding

- 6.3 An allowance of £2,994,000 has been set aside for the capital elements of the Shared Service Agenda for Partnership working between Angus Council and Tayside Contracts contained in the Regulatory, Protective and Prevention Services – Communities section of the General Fund Capital Programme 2013/2018 as approved at the Policy and Resource Committee held on the 2 September 2014 (Report 372/14 refers).
- 6.4 The original allowance for these works contained in Report Nr 268/14 amounted to £2,300,000. An update on the previous feasibility cost has been undertaken based on the latest client brief, sustainability measures and maintenance works. The increase of £370,000 based on the estimated total cost above compared to the original allowance is mainly due to:

Replacement of existing external wall cladding due to its poor condition	£100,000
Replacement of existing external wall cladding due to its poor condition	£100,000
Replacement of existing roller shutter doors	£30,000
Installation of sustainability measures comprising voltage optimiser and photovoltaic panels	£80,000
Update on outturn price base and general review of costs	£60,000
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TOTAL	<u>£370,000</u>

- 6.5 The latest estimated total cost of the works of £2,670,000 relating to the alterations to the ACROP building to provide a vehicle workshop, office and messing facilities of can be contained within the budget allowance of £2,994,000 noted above.
- 6.6 Details of all the capital costs associated with the provision of Fleet Management and Maintenance Services and partnership arrangements between Angus Council and Tayside

Contracts will form part of a budget realignment exercise which will be presented to the appropriate Committee as part of a progress report on the Shared Service Agenda for the Partnership project.

## **7. RISKS**

- 7.1 The main risk implications for this procurement are outlined in a risk register prepared by the Partnership Project Board. Other than the normal risks inherent in carrying out the procurement of works of this size and complexity, no other significant risk have been identified. The risks that have been identified will be managed accordingly through the good governance of the project as outlined in the Business Case through the Partnership agreement.

## **8 CONSULTATION**

The Managing Director of Tayside Contracts has been consulted in the preparation of this report.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

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|---|---|
| • Corporate Services Committee 20/10/08 | Report No 1040/08 – Sustainable Sourcing of Timber and Timber Products for Property Construction Projects |
| • Communities Committee 15/04/14        | Report No 173/14 – Property Transactions  |
| • Communities Committee 20/06/14        | Report No 268/14 – Progress on the Shared Service Agenda and the Partnership Work with Tayside Contracts  |
| • Policy & Resources Committee 02/09/14 | Report No 372/14 – 2014/2015 Final Capital Budget Volume - General Fund and Housing                       |

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List of Appendices:

**Appendix 1 – Site and access arrangements**

**Appendix 2 – Proposed Layout**

**Appendix 1 – Site and access arrangements**



