

Title: Procurement of a contract to facilitate demolition works at multiple sites

Lead Officer: Steve Partner Steve.partner@warwickdc.gov.uk 01926 456048

Portfolio Holder: Councillor Paul Wightman

Wards of the District directly affected: Various as per individual demolition scheme location

Approvals required	Date	Name
Portfolio Holder	1 May 2024	Paul Wightman
Finance	1 May 2024	Andrew Rollins
Legal Services	1 May 2024	Kathryn Tebbey
Chief Executive	1 May 2024	Chris Elliott
Director of Climate Change	1 May 2024	Dave Barber
Head of Service(s)	1 May 2024	Steve Partner
Section 151 Officer	1 May 2024	Andrew Rollins
Monitoring Officer	1 May 2024	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1,457 scheduled for 5 th June 2024	
Accessibility Checked?	Yes	

Summary

This report seeks consent to procure an overarching demolition contract, from which the Council can draw down individual demolition projects as and when required.

It is expected that by having an overarching contract, the Council can secure best value and minimise procurement time and costs by allowing draw down for multiple projects rather than through individual tenders.

Recommendation(s)

- (1)** That consent is given to procure a demolition contract to enable draw down when required for demolition of a number of sites, both General Fund and Housing Revenue Account, subject to (2) and (3) below.
- (2)** The contract can be used for Covent Garden and Christine Ledger Square agreed proposals so long as the works for these sites are within the 5% tolerance of proposed contract value (as set out in Constitution Article 13) and so long as they are within the agreed budgets.
- (3)** That a further report is brought to Cabinet for the use of this contract for use at any other site, setting out the cost/budget requirements, risks and proposals for approval.

1 Reasons for the Recommendation

- 1.1 The Council has several buildings, both in the HRA and General Fund, some of which already have consent granted for demolition and others that are currently being investigated that may in the future require demolition.
- 1.2 The decision to demolish Covent Garden car park was approved by Cabinet at its meeting on 9 February 2023 and Cabined agreed to make provision for the estimated sum of up to £1.2 million within the budget for 2023/24. This provision has been carried forward into subsequent years and is available for the cost of demolition.
- 1.3 In relation to Christine Ledger Square, Cabinet also on 9 February 2023, approved a delegation of authority to the Head of Housing in consultation with Group Leaders and Portfolio Holders for Housing and Finance to make a final decision on future of the building following the period of consultation, taking into consideration the views of residents and all other relevant factors. In the event of a decision to demolish, it also approved a budget of £1,500,000 to cover demolition costs. The Head of Housing subsequently made the decision to demolish, following consultation as set out above.
- 1.4 Sites include Christine Ledger Square, Kenilworth School and Linen Street car park from a housing perspective and Covent Garden Car Park from within the General Fund. Other sites as yet unidentified may be called down during the life of the contract.
- 1.5 The proposed contract would be for an overarching agreement with a chosen supplier to meet all WDC demolition needs for the next 4 years. The contract would give the appointed contractor a known work programme to enable efficient deployment of resources and enable the call-off of any additional required demolition during the contract period.

- 1.6 The proposed contract will be procured via mini competition through a national framework and will result in the Council entering into a Deed of Appointment (DoA) to allow call-off of individual demolition projects on a site by site basis.
- 1.7 The DoA will be zero sum with no formal commitment to spend for the duration of the contract, however, in accordance with PCR2015, a contract value maximum estimate will be provided based on the current demolition estimates obtained from consultants appointed to investigate the sites.
- 1.8 The call-off of demolition services for each site will be subject to approval of individual project recommendation reports to ensure appropriate funding and delegations are in place.
- 1.9 Due to the current shortfall in internal Procurement resources created by vacancies, the procurement is to be managed through an outsourced procurement specialist, at an estimated cost of £10,000 to 15,000 to be allocated to both HRA and General Fund project budgets pro-rata to estimated contract value. This can be met from within the existing approved demolition budgets for Covent Garden and Christine Ledger Square as set out earlier in this report, on an equal share basis.
- 1.10 Recommendation 2 and 3 are included to provide assurance to the Cabinet, due to the significant value of the contract, that schemes will not be further progressed without explicit Cabinet, and if necessary for funding Council, approval of each scheme.

2 Alternative Options

- 2.1 To procure individual contracts for each project is an option, but this would require significant procurement time for each project and may not represent best value as compared to a call off contract.

3 Legal Implications

- 3.1 The contract to be awarded following the tendering exercise will be through full involvement of Legal Services as per Procurement Policy and Regulations.
- 3.2 Due to the implementation of the new Procurement regulations 2024 on the 28th October, delays and risk may increase due to the implementation of new processes and procedures and the introduction of a new central procurement platform.

4 Financial Services

- 4.1 The cost of demolition is included within individual scheme reports approved by Cabinet. Indicative total contract value in region of £18m and each individual demolition will be charged directly to the approved budget for that scheme. The existing approved budgets for Covent garden and Christine Ledger Square are set out earlier in this report.
- 4.2 The potential sale of demolition waste as hardcore also lends to either the generation of income to offset the demolition, or the reduction in cost for new builds through the provision of recycled hardcore materials.
- 4.3 The procurement of an overarching contract for demolition services identified as possible within the next 4 years has been identified as the best value approach for the Council, minimising time, and resources while maximising opportunity for the market and therefore accessing economies of scale for overheads and profit margins.
- 4.4 The award of a DoA via a framework in compliant with the Public Contract Regulations 2015.

4.5 This report has been agreed with the Strategic Procurement & Creditors Manager.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

5.2 Delivering valued, sustainable services –

5.3 By procuring a contract to call down multiple demolition projects, this will provide best value as compared to individual procured contracts and will enable demolition costs to be measured against individual approved project budgets.

5.4 Low cost, low carbon energy across the district –

5.5 Combining contracts with an established project timetable will enable better scheduling of resources and also facilitate disposal of material where required to maximise recycling and also retention as part of subsequent new building projects on each site.

5.6 Creating vibrant, safe and healthy communities of the future -

5.6.1 Demolitions each contribute to site renewal and to developing communities that meet our values.

6 Environmental/Climate Change Implications

6.1 Combining contracts with an established project timetable will enable better scheduling of resources and also facilitate disposal of material where required to maximise recycling either by resale as hardcore or by retention as part of subsequent new building projects on each site.

7 Analysis of the effects on Equality

7.1 Demolition of vacant properties. Equality Impact included as part of each individual scheme approval by cabinet.

8 Data Protection

Details of WDC stock such as address and property type may well be shared, but it not envisaged that customer contact details will be provided.

9 Details of staff working on the project will have contact provided to the successful contractor.

10 Health and Wellbeing

10.1 Will have been included in each individual project report to Cabinet.

11 Risk Assessment

11.1 To delay the procurement would result in a requirement to potentially utilise new routes being implemented under the Procurement Regulations 2024 which could lead to additional delays due to the regulation implementation process and establishing new processes and case law.

11.2 The demolition of Christine Ledger Square is dependent on the award of a £1m grant which requires us to have a signed contract with a demolition contract by the end of September 2024. We currently are not in a position to procure a contractor specifically for that project as we require planning consent, however, a DoA with a demolition contractor is acceptable under the terms of the grant.

If we do not procure the DoA now, we run the risk of losing the grant, especially as the deadline for the demolition contract has already been extended from 31st March 2024.

- 11.3 To desegregate the works into individual contracts reduces the commercial appeal of the Council procurement offering, increasing the risk of less bids or the reduced interest of quality contractors. In addition, it adds time to each project for the undertaking of a procurement exercise, and adds time pressure to procure which could lead to: insufficient or inaccurate information being specified to suppliers, scope creep, budget or time overrun.

12 Consultation

12.1 N/A

Background papers:

None

Supporting documents:

None