

RECORD OF OFFICER DECISION

Local Government (Executive Arrangements) (Meetings and Access to Information)
(England) Regulations 2012.

Type of decision: Material decision

Decision Date: 27 August 2024

Decision Maker: Executive director of development and city services

Decision status: Is Key Decision?: No

Is subject to call in? No

Decision details:

1. Cabinet approved on 08 March 2023 to:
 - To delegate authority to the Executive Director of Development and City Services, in consultation with the portfolio holder for sustainable and inclusive growth, to award the contract for refurbishment of Townshend House and operation of the Digital Hub, subject to approval of the PAR request and the budget limits as set out in paragraph 47 of the report.
2. At the time of the cabinet approval the forecasted capital costs of the Towns Fund Digital Hub Project was £3.18m including £0.16m of contingency, the funding available was £2.78m giving a £0.4m shortfall, and it was explained in the paper that a PAR had been submitted to DLUHC to cover this shortfall. DLUHC approved a PAR for the £0.4k shortfall on 14 April 2023.
3. NCC procurement team issued the ITT Formal tender for design, build and operation on 24th January 2023 with ITT return date of 28th March 2023. Following requests from potential bidders this period was extended to allow enough time for interested parties to draw together complex construction designs and costs required for the tender. Two tenders were received on 23 May 2023.
4. Both tenders submitted identified that the funding available for the Digital Hub project was insufficient to provide a required end product to ensure a successful Digital Hub environment. Increased costs have been seen across all capital projects due to construction cost increases and inflation since the DLUHC bids were completed in early 2020. At this point of the project it was clear that further funding was required to deliver the project.
5. After extensive evaluation of the tenders by the project team, the programme manager sought approval from the Town Deal Boards, including NCC s151 officer, to request a PAR from the Revolving Fund project to the Digital Hub of

£950k to cover the additional budget costs identified in both tenders and to resubmit the tender to all those that initially expressed an interest in tendering, which would include additional scope and funding.

6. The Internal Town Deal Programme Board, NCC S151 Officer and the Town Deal Board, agreed and supported this proposal, and a PAR request of £950k was submitted to DLUHC. It was agreed that the retender could be issued but no award could be authorised until DLUHC approved the PAR. DLUHC approval for the PAR was received on 18th August 2023.
7. The tender package (ITT) was issued via the NCC Procurement team on 13th July 2023 to all tenderers that responded to the original tender. The date for tender returns was set at 17.00 on 28th July 2023. The tender restricted the total funding for the refurbishment project to £3.7m. We received no response from one company, a response from one company but no tender submission, and two companies submitted a full tender. An extension of time for tender submission was received on 26th July 2023, and the tender submission date was extended to 5pm on 4th August 2023. Tenders were received on this date.

Extensive evaluation of both tenders has been carried out by the project team, with regular legal and procurement advise. This evaluation has included, the design, compliance and construction proposals, costs, operational management proposals and lease proposals, and evaluation was done through a combination of meetings with tenderers and clarification questions issued in writing. A Recommendation to award a contract report was produced by Contracts officer, Procurement, 24 October 2023.

8. The conclusion of the evaluation process was to award to IWG Plc. The award includes the design and build contract with a fixed maximum construction budget of £3.7m to protect NCC, management operation of the Digital Hub and a 15-year lease of the building.
9. For clarity, the Council's contribution to the programme is capped at £0.13m as agreed in the original cabinet report. The funding to cover the programme changes is being sought from other elements of the Towns Deal fund. A key decision is one where the whole life cost of the decision is more than £500k. As the work is being externally funded by DLUHC, NCC Monitoring officer confirmed on 24/10/23 that the cost to the Council of this change is nil, and therefore it does not constitute a key decision.
10. IWG Plc completed the full design package of the Digital Hub and submitted it to the NCC consultancy team for approval. After careful consideration and interrogation of the proposals, NCC approved the design.
11. IWG Plc and NCC legal teams have completed and agreed the required legal JCT contracts, service level agreement, agreement to lease and lease document package. NCC is not required to sign the JCT contract as this is led

by IWG Plc and tied to the Agreement to Lease which is an agreement signed by NCC and IWG Plc.

The Executive director of development and city services has taken the following decision following consultation with the cabinet member for sustainable and inclusive growth, and the cabinet member for resources:

To approve the signing of an Agreement to Lease and Service Level Agreement in respect of the refurbishment and lease of Townshend House and operation management of the Digital Hub contract to IWG Plc.

Reason for decision:

To meet the agreed approved DLUHC Town Deal Funding Business Case.

Alternative Options:

NCC design the Digital Hub, and tender and manage the construction project. Then tender for a Digital Hub management company to lease and run the project. – this was excluded as Management companies that provide the requirements of the Digital Hub have very specific requirements, procurement laws did not allow us to consult with specific management companies through the design period, therefore it was concluded that significant abortive works would be completed in the construction period as management companies would want to make significant changes once they took over the building.

NCC design the Digital Hub, and tender and manage the construction project. Not to enter into a lease agreement and manage the property internally – this was excluded due to the lack of internal knowledge and experience of managing a Digital Hub/Supported serviced office.

Declarations of Interest:

None

Reports considered by the decision maker:

Recommendation to award a contract report by Contracts officer, Procurement, 24 October 2023.

Update on the progress of all design and legal documents at Internal Town Deal Board 03 July 2024.

Any background documents considered:

Cabinet decision notice and minutes 08 March 2023

Publication date: 05 September 2024