

**ITEM No ...10.....**

**REPORT TO:** FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 20 NOVEMBER 2023

**REPORT ON:** CLEPINGTON ROAD DEPOT RATIONALISATION: PURCHASE OF MODULAR OFFICE ACCOMODATION

**REPORT BY:** EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 302-2023

**1 PURPOSE OF REPORT**

1.1 The purpose of this report is to present a sourcing strategy for the procurement process for the purchase of 160m<sup>2</sup> of modular accommodation at Clepington Road Depot. The modular office accommodation will provide messing and welfare facilities, supervisors' accommodation and a canteen for Construction Services operational staff to progress the next phase of depot rationalisation at Clepington Road. Committee approval is sought to progress a compliant tender process, leading to award of a contract to a specialist modular office accommodation supplier.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee:

- a delegates authority to the Executive Director of City Development to finalise the procurement strategy and award a contract to the successful bidder, following a tender process carried out in compliance with the Public Contracts (Scotland) Regulations of 2015; and
- b notes that once the formal tender has been received, this will be brought to Committee for approval unless the tender value is below £500,000.

**3 FINANCIAL IMPLICATIONS**

3.1 The financial implications associated with this report are the estimated cost of the contract to be awarded as outlined below. Based on previous experience and market enquiries carried out against existing framework rates, the total capital cost of the contract is anticipated to be around £500k, with associated allowances and fees and in-house costs for enabling works carried out by Construction Services as Principal Contractor on the depot site, as below estimate.

3.2 The framework tender exercise will consider the procurement of the new modular accommodation procured through mini competition with specialist supplier on the SPA framework Workstream 1 – Permanent Modular Buildings; Project Value Band £0 - £750k. The capital purchase of the new modular office accommodation will be funded from the Capital Plan 2023-2028 - Design a Modern Council – Depot Rationalisation Programme; there is £3,063,000 in the approved Capital Plan 2023-2028 for the overall Clepington Road Depot Rationalisation.

3.3 Outlined below are the estimated costs for purchase and installation of new modular office accommodation.

Description of works	Estimated value (£)
Modular Accommodation Purchase	£300,000
Surveys, fees and sundries	£75,000
Enabling Works and Services Infrastructure	£125,000
<b>Total</b>	<b>£500,000</b>

Revenue costs anticipated to be £20k/annum funded from the current operational property budget.

#### 4 DETAILS OF THE PROJECT

- 4.1 The objective of the contract is, through compliant framework mini-competition, to purchase modular accommodation for the Clepington Road depot. Purchase of accommodation is considered over-all best value as the accommodation will form part of a longer-term rationalisation at Clepington Road depot. Sufficient capital budget has been identified for the purchase from within the Design a Modern Council Depot Rationalisation Programme.
- 4.2 The timescales for the proposed construction and installation of the accommodation will be determined depending on the completion of the Enabling Works by the Principal Contractor Construction Services, and with agreed lead in times provided by the successful framework provider (typically 14-20 weeks). Detailed programme dates for financial monitoring will be confirmed after conclusion of the mini-competition tender process and completion of the enabling works. Installation is likely to be 1-2 weeks on site or as agreed with the successful specialist supplier.
- 4.3 Budget figures have been arrived at through the support of City Development Capital Projects team and DCC Procurement Team in review of the compliant framework pricing structure, as well as direct liaison with framework participants.
- 4.4 This contract will include the addition of Community Benefit and Fair Work First. SPA is committed to delivering tangible social value and community benefits that meet local and regional needs. SPA work with partners and appointed companies to ensure that wherever possible projects delivered using our frameworks leave a social legacy.

#### 5 SOURCING STRATEGY SUMMARY

- 5.1 In summary, this Sourcing Strategy seeks approval to progress with an appropriate compliant framework mini-competition process, for purchase of new modular accommodation for Clepington Road depot. This will enable progress of the next phase of depot rationalisation at Clepington Road.

#### 6 RISK ANALYSIS

- 6.1 There are 4 standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions To Be Taken To Manage Risk
<b>Commercial Risk</b> – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Medium Risk - signed off agreed layout. Cost checks by project QS as design developed. Appropriate inflation and contingencies included within the project budget.
<b>Technical Risk</b> – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	Medium Risk - checking required to ensure that specification meets council requirements.
<b>Performance Risk</b> – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	Low Risk – Council's in-house Principal Contractor will monitor specialist contractors' performance on depot site.
<b>Contractual Risk</b> – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Low Risk - Council's in-house Principal Contractor will monitor specialist contractors' performance on depot site.

<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules.	Low Risk – Compliant Framework Route.
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## 7 SUMMARY

- 7.1 It is recommended that the Committee approve this Sourcing Strategy and award appropriate delegated powers to the Executive Director of City Development to proceed as outlined.

## 8 POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 9 CONSULTATIONS

- 9.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

## 10 BACKGROUND PAPERS

- 10.1 None.

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