



Meeting or Decision Maker:	Cabinet Member for Children's Services Deputy Leader and Cabinet Member for Finance, Property and Regeneration
Date:	30 January 2020
Classification:	Part A – Public Part B of this report is currently exempt from disclosure on the grounds that: it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Title:	Renovation Works at The Portman Centre, 12 Salisbury Street, London NW8 8DE, to create a new Family Hub.
Wards Affected:	Church Street Ward
Key Decision:	Yes
Financial Summary:	This report seeks authority from the Decision Makers to approve the expenditure up to the estimated project cost of £2.951m for the re-modelling, alterations and renewal of the existing heating system. The budget, approved in the Capital Strategy 2019 – 2024, for this project is £2.951m.

The Scheme will be funded through a mix of grant, other income and Council Resources as per the table below:

Funding Source	£m
School Condition Allocation (SCA)	0.724
Early Years and Early Help – Council Funding	0.380
Community Infrastructure Levy (CIL)	0.500
Council Funding	1.347
TOTAL	2.951

Report of:

Director of Corporate Finance and Property - Finance and Resources Department

Bi-Borough Director of Education, Children's Services

PART A

1. Executive Summary

- 1.1 This report seeks approval for the award of the contract to Diamond Build to undertake the proposed renovation work to the Portman Children Centre in the sum of £2,262,328.00
- 1.2 The above contract sum has been finalised following a tender evaluation exercise undertaken by our Cost Consultants, Huntley Cartwright. Our multi-disciplinary consultant Wellesley have also contributed to the tender evaluation process together with Westminster City Council.
- 1.3 The works will broadly comprise, remodelling of the existing internal space, construction of new two-storey extension to the rear, renewal of the heating and distribution system, installation of new lift and general refurbishment.

2. Recommendations

- 2.1 That the Cabinet members grant approval to enter into a contract for works at Portman Children's Centre with Diamond Build Plc, for the value of £2,262,328.00.

3. Reasons for Decision

The key reasons and rationale for supporting this decision are as follows:

- 3.1 The tender evaluation report (Gate 3) was presented to the Procurement Assurance Board (PAB) on the 21 January 2020. PAB approved the recommendation of the Bi Borough Executive Director of Children's Services and Executive Director of Finance and Resources to award the contracts to Dimond Build Plc.
- 3.2 The Gate 3 paper and the cost consultant commercial tender review are attached as Appendix D
- (1) Take the opportunity to remodel and alter the building by creating a fit for purpose family hub achieving the Council's objective
 - (2) The existing building is in need of Health and Safety Works to ensure the staircase serving the building is compliant from a Building Control and Disability Discrimination Act (DDA) perspective
 - (3) The current heating system including boilers and distribution pipework is at the end of its lifespan and requires complete renewal.
- 3.2 The Portman Centre is one of three sites identified to become a family hub. Now that the building has been vacated by the service end users an opportunity has arisen to undertake the heating renewal and remodelling work in one single phase whilst the building is unoccupied. This will enable the work to be undertaken in the most efficient timescale.
- 3.3 The proposed project will create a larger, more welcoming, reception area, a new two-storey extension to the rear of the existing building creating an outside/inside space. The two-storey extension will increase the area of the nursery on the ground floor and provide additional office accommodation and space for general community use on the first floor.

- 3.4 The proposed works will also comprise re-configuring and re-modelling the internal layout of the building creating a better use of space for the community culminating in a new Family Hub. The work will also include installing a new DDA compliant lift, which will extend to the roof terrace, enabling service users with a physical disability to maximise their access to utilising the space.
- 3.5 As stated in item 3.1 the proposed work will include replacing the existing heating system with a far more enhanced system which will produce cost savings on heating bills creating a far more energy efficient building contributing to one of the City for All objectives in creating a greener city.
- 3.6 By undertaking the work included in items 3.1, 3.3 and 3.4, the new Centre will enhance the standard of services that it offers, provide more effective care for families, and create a new Family Service capable of supporting the community in a far more efficient and effective way.

4. The Services being Procured

4.1 Services provided:

The nature of the Portman Centre's services are highly important and have a significant role in serving the community. The Centre's services are listed below:

- A nursery School
- NHS Midwifery Service
- Family Support
- Parenting groups and workshops
- Community drop-in group for children up to 5 years old
- Childminder groups
- Adult education classes, specific to parents with children.
- Employment drop-in and advice service, specific to parents
- Housing advice, specific to families
- A toy library

- A multi-sensory room
- A crèche
- Connections to other local community services, children's services and family support panel services

7. Financial Implications

7.1 The funding allocation for this scheme is £2.951m, including contingency, and this is included in the Council's Capital Strategy which was approved by the Council in its November 2018 meeting.

7.2 The scheme is funded through a mixture of grants, other income and the Council's own resources as highlighted below, in Table 1:

Table 1: Project Costs versus Capital Strategy Funding

Cost item	£m	Funding type	£m
Portman Building Works	1.757	SCA	0.724
Client Direct Costs	0.411	Early Years Council Funding	0.380
Decant Costs	0.326	CIL	0.500
Contingency	0.457	Council Funding	1.347
Total	2.951	Total	2.951

7.3 The project has progressed through Gates 1 to 3 The Gate 3 papers are attached at Appendix D.

7.4 Following site surveys, the foundation depth required is deeper than anticipated when setting the project budget. The increased works needed for site preparation and excavation of the foundations has used all the contingency funds built into the project. Therefore, whilst the project is still expected to remain within budget, there is no further capacity to absorb abnormal or unexpected cost pressures without mitigations.

7.5 Any forecast overspends will be mitigated wherever possible. An example of how this can be done is by value engineering the overall project cost. Where unavoidable upwards cost

pressures materialise after the applications of mitigations, these will be reported to the Director of Corporate Finance and Property and the Bi-Borough Director of Education immediately they are known, and the appropriate measures and governance processes will be followed to determine if additional resources can, and should, be allocated.

- 7.6 As part of building the CPSR, the service undertook an options analysis around value for money. The rationale for investment is based on the impact that doing nothing would have on the Council in the medium to long term. The heating and distribution system has reached functional obsolescence and risked going into a further winter period where the system could fully fail following multiple winters with emergency repair work. Emergency replacements would cost substantially more than a planned tender. The new building facilitates greater physical flexibility to deliver a wide-ranging Family Hub offer than the current configuration will allow for.
- 7.7 The delivery of the Family Hubs, of which the Portman Centre is one, will continue to improve service quality to residents whilst containing costs with current revenue budgets. The hub model has already delivered MTFP savings as part of previous budget setting processes.

Risk Implications

- 7.8 The programme and risk management implications are approached from two perspectives, the recognition of the complexity of the programme of works and adopting a pro-active approach to risk and stakeholder management at the initial stages of the project. The overall design and construction risks are regarded as medium. Please refer to the Risk Register in Appendix F.
- 7.9 The lead consultant/architect and the cost consultant will consider the project risks, and these will be included in a risk register. The cost consultant's construction and design risk register will be comprehensive and highlight risks specific to the scheme so that these can be managed accordingly.
- 7.10 Complexity of Project: The complexity of the scheme has been reduced by the fact that the Portman Centre has now been fully vacated by the service end users. This means that works can be completed under one phase, eliminate the need to work around existing occupants, and ensure that completion can be achieved in an efficient, timely manner. Further measures are in the process of being implemented to further reduce complexity and risk to the proposed scheme and these are highlighted below:

- On the 17th October 2018, conditional planning consent was given to the proposed remodelling and alterations. The time taken to obtain planning approval has now been accounted for. Further planning input will be required by our successful planning consultants to ensure all conditions are met.
- The Council recently commissioned an Asbestos Refurbishment and Demolition Survey to be carried out and the report was received on 29 October 2018. The Council will ensure that all necessary Asbestos removal work is to reduce the risk of complications encountered when works commence on site.
- WCC's procurement processes inherently include risk and programme management procedures. Initial consultation with procurement colleagues regarding this project have not received adverse comments. The proposed programme of works included appropriate time scales for the procurement of the project. The Council's procurement procedures will be availed of given the value of the service and works. Early soft consultation with the marketplace will take place to achieve satisfactory tender returns from design team consultants and contractors.

8. Legal Implications

- 8.1 The recommendation in this report is to approve the contract award of a contract to Diamond Build Plc to undertake extension and refurbishment works to Portman Children's Centre. The contract sum is £2,262,328.00 for the works to be undertaken.
- 8.2 The contract price falls below the EU threshold sum of £4,733,252 for a public works contract under the Public Contracts Regulations 2015 ("the Regulations"). However, below threshold procurements should comply with regulation 112 of the Regulations and the Council's Code. In that, when awarding such a public contract the council should within a reasonable time, publish on Contracts Finder at least the following information:
- (a) the name of the contractor;
 - (b) the date on which the contract was entered;
 - (c) the value of the contract;
 - (d) whether the contractor is a Small Medium Enterprise or Voluntary Community Social Enterprise.

- 8.3 The contract award must be approved by the appropriate Cabinet Member following recommendation to approve from the Procurement Assurance Board.
- 8.4 As the contract is valued over £175,000, in accordance with the section 3.18.9 of the council's procurement code, it must be signed by at least two authorised officers of the council or made under the common seal attested by the Chief Executive, Director of Law or authorised solicitors in accordance with Standing Orders 47 and 56 of the Council's Constitution.

Legal comments: Sharon Cudjoe, Senior Solicitor – 020 7361 2993

9. Staffing Implications

- 9.1 As stated in item 1.3 of this report, staff of the Portman Centre, including the NHS Midwifery service, have been successfully decanted to 4 Lilestone Street. In order for this to take a place, a programme of work was initiated at 4 Lilestone Street in April 2018 to ensure the building was fit for purpose for the incoming staff from the Portman Centre. Works at 4 Lilestone Street were successfully completed in August 2018 and the building is now in full operation. There are no other staffing implications.

10. ICT Implications

- 10.1 The tender from the recommended contractor includes provisions for all IT Structured cabling. IT have been consulted regarding the project and suitable arrangements for locating of equipment and access distribution routes for IT cabling have been incorporated in the design

11. Consultation

- 11.1 The plans to remodel and alter the Portman Centre have been based on extensive consultation with the service users to ensure that the final designs meet their requirements. It is expected that decanting the service end users back to Portman will take place in December 2020.
- 11.2 The communications strategy for the project is to be initially agreed with the service end users and be implemented accordingly. It is planned that members of the service end users

will be invited to regular progress meetings throughout the life cycle of the project to keep them regularly updated on how the scheme is developing.

PART B – EXEMPT FROM PUBLICATION

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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List of appendices:

Appendix A – Procurement/Project timescale

Appendix B – Estimated project costs

Appendix C – Capital Programme Submission Request

Appendix D – Gate 3 Report: Contractor Award

Appendix E – Proposed designs

Appendix F – Risk Register

BACKGROUND PAPERS:

Appendix A – Procurement/Project Timescale

	Procurement/Project Timescale	 Appendix A - Portman - Procurement
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Appendix B – Estimated project costs

Estimated Total Project Costs and provisional forecast for the re-modelling, alterations and renewal of the existing heating system at The Portman Children Centre, 12 Salisbury Street, London NW8 8DE as at August 2018

	Estimated Project Costs	 2415 - Cost Estimate 003 REV A.1
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NB: Changes to programme will change profile spend.

Appendix C – Capital Programme Submission Request

	CPSR - Portman	 CPSR%20-%20Portman%20Centre.doc
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Appendix D – Gate 3 Report

	Gate Report for PAB	 Gate 3 - Portman Children's Centre_Nev
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Appendix E – Existing and Proposed designs

Architectural existing and proposed plans and elevations.	    18028_004_Propose 18028_003_Propose 18028_002_Existing 18028_001_Existing d Elevations_Portmad Plans_Portman Ch Elevations_Portman Plans_Portman Chilc
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Appendix F – Risk Register

Risk Register	 2415 - Risk Register 001 (November 2018)
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Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Additional comment:

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