

Report of:	Councillor Eric Polano - Executive Member for Regeneration Councillor Barrie Cooper - Executive Member for Environment, Finance and Governance Richard Horniman - Director of Regeneration and Culture Ian Wright - Director of Finance
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Submitted to:	Executive - 8 March 2022
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Subject:	Fountain Court Refurbishment - Phase Two Works
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Summary

Proposed decision(s)
That Executive: <ul style="list-style-type: none"> a) Notes the progress made on phase one works at Fountain Court; and, b) Delegates approval for the award of the phase two refurbishment works contract to the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision regarding phase two contract award	Yes	No	No

Contribution to delivery of the 2021-24 Strategic Plan		
People	Place	Business
The proposals will retain the central workforce within the town centre, alongside the model of staff placed in localities to contribute to the objective that <i>“We will ensure that we place communities at the heart of what we do, continue to deliver value for money and enhance the reputation of Middlesbrough”</i>	The proposals will retain the central workforce within the town centre, and within an unused asset to contribute to the objective that <i>“We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes”</i> .	The proposals will enable the Council to secure high quality accommodation for staff that will enable the most cost effective way of <i>“making sure we work as effectively as possible to support our ambitions for People and Place”</i> .

Ward(s) affected
Central Ward

What is the purpose of this report?

1. That Executive:
 - a) Notes the progress made on phase one works at Fountain Court; and,
 - b) Delegates approval for the award of the phase two refurbishment works contract to the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright.

Why does this report require a Member decision?

2. The report to Executive on 5th October 2021 approved the £7m budget required to refurbish and fit out Fountain Court ahead of its occupation by Council staff. This report provides an update to Executive on the project's progress and seeks delegated approval for the phase two contract award to be given to the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright.

Report Background

3. Following the purchase of Fountain Court in spring 2021, a lot of work has been undertaken to ensure the building will meet the Council's requirements to be a modern, collaborative place to work.
4. It was very evident from employee and manager surveys that staff found working from home beneficial during the pandemic and would like to continue with some home working in the future. It was also evident from the surveys that time spent with colleagues in the office was extremely important and that this impacts on collaboration, knowledge sharing, mental health and wellbeing. With this in mind, eligible Council employees have been offered a blended home/office working approach to enable staff to have the benefits of working from home for a significant part of their working time, balanced with face-to-face interaction and collaboration. The office space in Fountain Court is being designed with these principles in mind.
5. Following survey and design work, in October 2021 Overbury Plc were appointed by Middlesbrough Council to carry out the phase one demolition and strip out of Fountain Court. The phase one works commenced in November 2021 and have removed walls, old kitchens, WCs and mechanical and electrical services ready for the phase two refurbishment and fit out works.
6. The phase one contract also includes the creation of larger window openings ready for new windows to be installed as the current windows were nearing the end of their life. Most of the new windows will be floor to ceiling height which will significantly improve natural light and the building's internal and external appearance. Moreover, they will be opening windows which will improve the building's ventilation. The phase one strip out works will complete on 18th February 2022.
7. The phase two work was originally intended to be delivered through the phase one contractors, Overbury. Overbury submitted their phase two tender to the Council at the beginning of December 2021. The tender return was in sections; the first being the installation of all Mechanical and Electrical (M&E) works, and the second covering the builders work to refurbish the building pre-furniture install.
8. The M&E tender return was within the target costs set out in the scope of the work, however, the builders work was significantly over the allocated budget. The Council

offered some value engineering in an attempt to bring the cost down, albeit this was not enough to achieve the saving and establish best value for the work.

9. As such, the Council issued a new set of tender documents to five contractors on 31st January and their tenders will be returned on the 7th March. The contractors have been selected based on their specialism and track records. This is for the builders work only and management of the lowest M&E contractor from the December 2021 tender return.
10. After completion of the phase one work in February a security firm will be on site to safeguard the building until the main contractor starts work on site in April.
11. The completion date for the phase two work will be confirmed through the tender process but is targeted for the end of August, with the furniture install and ICT fit out taking place in early September, ready for occupation.
12. The timetable for the project is summarised below:

Milestone	Date
Phase one works (building strip out) complete	18 th February 2022
Tenders returned for phase two (refurbishment) works	7 th March 2022
Tenders verified, scored, financial checks, contracts signed and mobilisation period	7 th March – 15 th April
Phase two works start on site	18 th April 2022
Phase two works complete	End of August 2022
Furniture and ICT fit out	September 2022

What decision(s) are being asked for?

13. That Executive:
 - a) Notes the progress made on phase one works at Fountain Court; and,
 - b) Delegates approval for the award of the phase two refurbishment works contract to the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright.

Why is this being recommended?

14. The costs provided by Overbury for phase two were in excess of the available budget and value for money could not be evidenced. In order to maintain programme, it is imperative the Council can award the contract for phase two to an alternative contractor without delay following receipt of a suitable tender for the works on 7th March. Delegating approval for the award of the phase two refurbishment works will ensure the contract can be awarded in an expedient manner.

Other potential decisions and why these have not been recommended

15. The Council could:

Do nothing:

16. If the Council does not grant delegated approval, the decision to award the contract will come back to Executive for approval which will cause an unnecessary significant delay to the programme and the date for occupation.

Impact(s) of recommended decision(s)

Legal

17. If Executive approve the report, tenders will be considered for the phase two works and the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright will approve the most advantageous bid to the Council (consideration will be given to price and quality aspects), following which contracts will be awarded.

Financial

18. The contract will be awarded following an assessment of the price and quality of the tenders received. The contract will be awarded to the most advantageous tender, subject to it being within the budget already approved by Executive on 5th October 2021.

Policy Framework

19. The decision will be within the existing policy framework.

Equality and Diversity

20. An Impact Assessment is not required as the proposals will not have an impact on protected groups. In line with building regulations, the final design of the accommodation will be fully accessible.

Risk

21. The relevant risks this decision would influence are cited below, with an explanation as to why they are relevant and how it would affect each risk.

01-052	Substantial areas of the town have high residential voids/low sales values and high population churn, effectively creating market failure resulting in significant social consequences which in turn have implications for Council resources and service delivery. Such an approach is unsustainable and will result in the need for significant market invention at great cost to the Council.	Fountain Court is currently a void property in the town so its refurbishment and fit out will have a positive impact on this risk.
08-037	If a large scale emergency incident or business interruption event prevents Departments from functioning or requires diversion of resources, then ability to function and deliver services would be disrupted.	New ways of working such as home working and not needing as much office space will have a positive impact on this risk, because the Council will be more resilient as services can be delivered from home.
08-027	If the Council fails to recruit or retain staff to key posts, due to perception of the Council or competition from other employers, then this could result in reduced capacity and knowledge, leading to reduced outcomes for local communities. (The predicted recession and further austerity reduces the risk in some areas but not all). The economic austerity reduces this risk in some areas but not all).	Homeworking opportunities/new office accommodation may help recruit and retain staff, thus having a positive impact on this risk.

Actions to be taken to implement the decision(s)

22. If approved, the Council will score the tenders received for the phase two refurbishment works and seek approval from the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright to award the contract to the highest scoring tenderer.

Appendices

23. N/A

Background papers

Body	Report title	Date
Executive	Fountain Court Refurbishment and Fit Out Budget	5 th October 2021

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