

CABINET

18 April 2023

Title: Conversion of Padnall Hall, Padnall Road, Chadwell Heath for Use as a Youth Centre	
Report of the Cabinet Member for Educational Attainment and School Improvement	
Open Report	For Decision
Wards Affected: Chadwell Health	Key Decision: Yes
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Accountable Director: Jane Hargreaves, Commissioning Director, Education	
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Summary: In 2022 the Department for Culture Media and Sport (DCMS) launched the Youth Investment Fund (YIF). This is a £378m allocation available until March 2025 that allows 45 Local Authority areas nationally to bid for capital funding (with a revenue element) to refurbish and/ or build new youth facilities that deliver positive activities for young people. Working alongside Be First, the Council has developed a proposal to the YIF to completely redevelop and refurbish Padnall Hall in Marks Gate into a new Youth Centre for the borough. Revenue funding is also being bid for to enable the Council to employ an engagement worker to lead on community development and engagement with young people. It has been agreed that the Council will lead on the delivery of the building works and this report sets out the proposed arrangements for the procurement of the consultant architects and design team alongside the building contractor to carry out the works.	
Recommendation(s) The Cabinet is recommended to: (i) Agree to the conversion of the derelict Padnall Hall into a new Youth Centre for the borough, subject to a successful grant application via the DCMS Youth Investment Fund to fully fund the conversion project; (ii) Agree the procurement of architectural, engineering, surveying and building works contractors for the refurbishment of Padnall Hall, in accordance with the strategy set out in the report; and	

- (iii) Authorise the Commissioning Director, Education, in consultation with the Cabinet Member for Educational Attainment and School Improvement, the Strategic Director, Finance and Investment and the Chief Legal Officer, to agree the framework, conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder(s).

Reason(s)

To assist the Council to achieve its priorities of 'Prevention, Independence and Resilience', and 'Inclusive Growth'.

1. Introduction and Background

- 1.1 Led by DCMS and launched in February 2022, the aim of the Youth Investment Fund (YIF) is to create, expand and improve local youth facilities and their services, in order to drive positive outcomes for young people, including improved health and wellbeing, and skills for work, employability and life.
- 1.2 The YIF seeks to level up 'left-behind' areas where youth need is high and provision is low, creating a level playing field for young people to have equal access to youth services, trusted youth workers, and dedicated youth facilities that deliver positive outcomes. It is part of Government's wider £560m commitment around developing a national 'youth guarantee'. The £378m Youth Investment Fund forms part of this, but is focused on 45 target areas only. Barking and Dagenham is one of only two London boroughs in scope.
- 1.3 The YIF seeks to develop and/ or refurbish 300 youth facilities nationally within the 45 target areas. Whilst the YIF is a capital fund, revenue funding until March 2025 is being made available to support bids and delivery. More than one bid will be considered per target area, with VCS organisations, LAs and even schools able to bid (including collaboratively). A small amount of funding (£10m) was released for phase one of the programme earlier this year, for small capital projects. Five local VCS organisation were successful in directly applying for small capital grants, no larger than £50k.
- 1.4 Bids for Phase 2 of the YIF programme opened in the Autumn of 2022, with bids between the value of £300k and £8m invited. Through consultation with the Strategic Director, Commissioning Director for Education and the then Cabinet Members for Health and Social Care and Educational Attainment and School Improvement in early 2022, it has been proposed that the Council submit a bid focused on the Marks Gate area. It is recognised that this locality is the most isolated from the borough's Youth Zone (borne out by data provided by the Youth Zone) and lacks any kind of bespoke youth facility that is fit for purpose.
- 1.5 Scoping of potential sites in Marks Gate took place in consultation with BeFirst, as well as Community Solutions. After some discussion, it was proposed that Padnall Hall on Padnall Road would be an ideal site for redevelopment into a bespoke youth centre. Not only has the Hall not been in use for 15 years, it is in a good location and offers a solution that factors in environmental sustainability considerations. It also requires little planning, as it will not constitute a major change of use. A full

condition survey was undertaken in December 2022 to provide an initial estimate around the costs needed to bring the Centre back into use. A full report from a Quantity Surveyor was also commissioned and received in February 2023, with final costings agreed in March.

- 1.6 The Council is in a limited position to deliver activities from the Centre once it opens. Therefore, the Council has partnered with a consortium of local Voluntary and Community Sector organisations who will run and staff provision at the Centre. This includes the Future Youth Zone, who are the lead delivery partner. Revenue funding secured through the YIF cannot be used to contract these organisations, but these partners are confident they will be able to fundraise to deliver provision. They have also been consulted around the Centre layout and design.
- 1.7 The Council will instead use revenue funding through YIF to put in place a youth development worker. This post will provide a bridge between children and young people and contractors to ensure that young peoples' voices are strongly represented within the Centre's design and build, generating anticipation and excitement for the Centre's opening, projected to be between September and December 2024. This will include the development and leadership of a young people's development group, based on the model successfully employed by the Future Youth Zone during its development. The Social Value derived from the contractors can support the work of the Young People's Development Forum.
- 1.8 DCMS has been in dialogue with the Council for nearly a year regarding the development of our proposals, as are keen to see us bid. In June and again in November 2022, the Council alongside Be First hosted a visit by DCMS and HM Treasury to Padnall Hall at their request. Visits were also made to the Future Youth Zone to see it in action. They were very pleased with the visit and our proposals. After a lengthy and iterative bidding process, our proposal is expected to be agreed and signed off by DCMS in March 2023, subject to Cabinet approval. It is important to note that delays to approval could impact on the Council's ability to deliver the project within the timescales for the fund i.e. by March 2025.
- 1.9 Procurement Board recently supported the use of the NHS Fusion 21 framework being used for the procurement of the architects, engineers, project quantity surveyor and employers' agent. The Board further supported the procurement of the works via a single stage design and build contract utilising an open tender for the procurement of the required building work via the Council's "Bravo" e-procurement portal using a detailed specification. This is the route most likely to attract an appropriately skilled and sized contractor most suited to deliver this project effectively and economically. The works contract will also be advertised on the Government's Contract Finder web site on a voluntary basis.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured

- 2.1.1 Delivery of this project will require the procurement of three principal building related contracts. Initially the Council will need to procure the services of an architect and design team to design, specify, procure and supervise the works on site in addition to obtaining all the required building related statutory consents such as planning approval. The scope of these services will cover architecture,

mechanical and electrical engineering, structural engineering and the appointment of a Principal Designer as required by the Construction Design and Management Regulations 2015. Separately the Council will also need to engage a quantity surveyor and employers' agent to provide cost and contractual advice. A separate direct appointment is recommended as it is important that the Council receives independent cost advice from the quantity surveyor.

2.1.2 The building works will be procured via a single design and build contract, with works being specified within the Invitation to Tender, the scope of works will include:

- Structural alterations to the building;
- Replacement roof and installation of sun pipes;
- Improvements to the energy efficiency of the building and envelope to target BREEAM outstanding;
- Replacement of external windows, doors and shutters;
- Installation of new toilets and showers inclusive of accessible facilities;
- Plastering, internal joinery, internal decorations, new floor coverings and wall tiling;
- Replacement electrical systems inclusive small power and lighting;
- Installation of new fire and intruder alarm systems;
- Replacement heating, ventilation, cooling and hot water systems.

2.2 **Estimated Contract Value, including the value of any uplift or extension period**

2.2.1 The costs of the building works contract is estimated to be £1.589m with the costs of the contracts relating to the engagement of the architects and design team estimated to be £190k and the quantity surveyors/employers agent appointment £40k. £1.964m is therefore the total amount that is being bid for (plus £123.5k in revenue funding as outlined above). This funding envelope includes significant amounts of contingency.

2.3 **Duration of the contract, including any options for extension**

2.3.1 The duration of the works contract is anticipated to be approximately thirty weeks, with a 12-month defects liability period as per standard practice within the construction industry.

2.3.2 The duration of the professional services contracts (design team and architects and Quantity Surveyor) will be approximately 32 months.

2.4 **Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

2.4.1 No

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The 'open process' tender for the required building works will be managed via the Council's "Bravo" e-procurement portal using a complete set of tender documents inclusive drawings and specifications. As this is the route most likely to attract an appropriately skilled and sized contractor most suited to deliver this project effectively and economically. The contract will also be advertised on the Government's Contract Finder web site, on a voluntary basis as this is a below threshold contract.

2.5.2 Separate mini-competitions run through the NHS Fusion 21 framework will be used for the procurement of the architect and design team. With the project quantity surveyor and employer's agent being appointed separately again via a mini-competition through this framework.

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 The building works will be let on a design and build basis with the proposed form of contract being the JCT Design and Build Contract, incorporating standard LBBB contract amendments.

2.6.2 The architects, related design team and Quantity Surveyors will be appointed using the JCT Consultants appointment form of contract again with standard LBBB amendments.

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract

2.7.1 The proposed work will bring a long unutilised community centre back into use as a youth centre, supporting young people in one of our most deprived and isolated Wards. In doing so, this supports and compliments the Council's own aims and objectives in this area. The works will also support local youth organisations by providing a suitable space from which to deliver high quality youth provision. As one of only 45 LAs eligible for the Youth Investment Fund (and one of only two in London), it is important we seize the opportunity to bring further investment into the borough for our young people. It is unlikely a fund of this type or scale will be available for some time.

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

2.8.1 Building works tenders will be assessed on the basis of both price and quality, on the basis of 80% cost, 10% social value and 10% Quality. With quality being assessed in relation to each bidders' experience and qualifications of site team and response to specific project related questions.

2.8.2 The tenders for the provision of architectural and related design team disciplines will be assessed on the basis of price, quality and social value on the basis of 20% cost, 10% social value and 70% Quality for the architects. Tenders for the provision of Quantity surveying services will be assessed based on 70% quality and 30% price as this contract is estimated to be below £100K. With quality in both cases

being assessed in relation to each bidders' experience and qualifications of proposed consultants' team and responses to specific project related questions.

2.9 How the procurement will address and implement the Council's Social Value policies

2.9.1 10% of the potential marks awarded in the proposed evaluation criteria in relation to both the works and services contracts where the relevant contract exceeds £100,000 will consider the social value benefits being offered by the preferred contractor or consultant with particular emphasis being placed upon their employment of labour drawn from the local community, sourcing of materials within the local area, and in particular opportunities for engagement of young people in learning experiences with the contractor. The contractor should meaningfully engage young people in the design and build of the Centre, including the creation of artwork.

2.9.2 The evaluation process will take note of the Council's legal obligation to consider Social Value under the Public Services (Social Value) Act 2012.

2.10 Contract Management methodology to be adopted

2.10.1 Be First will be responsible for overall contract management and will work with the Council's corporate procurement department in relation to the procurement of the works and services. Whilst works are on site, monthly meetings will be held with the contractor to monitor progress. Regular site visits to inspect the quality of works being undertaken will also be undertaken by Be First alongside the appointed architects, surveyors and engineers on the project. Payment for works will be through monthly valuations of work executed on site by the project quantity surveyor and these will be certified by Be First.

3. Options Appraisal

3.1 Do nothing and not submit any proposals to the YIF

3.1.1 This option was considered and rejected. Given that Barking and Dagenham is one of only two London boroughs in scope, the YIF provides a once in a generation opportunity to considerably develop and expand on our youth services assets, including in our most deprived Wards. To not submit would subject the Council to reputational damage, particularly as the DCMS is keen for us to bid following their site visits.

3.2 Alternative Contractual Arrangements

3.2.1 Alternative construction contract arrangements have been considered. Construction Management and Management Contracting were both rejected. The factors that would usually influence an employer to select these routes namely speed and the need for flexibility do not apply in this instance sufficiently to outweigh the lack of cost certainty associated with both these routes. The traditional procurement route was considered but rejected as it was not felt best able to achieve the anticipated project programme and the borough wishes to transfer elements of design responsibility and risk onto the appointed contractor.

3.2.2 To support the above contractual arrangements, there are a number of different suites of standard form contracts available for use within the UK construction industry. However, the most commonly used suite and the ones the Council uses predominately are the contracts produced by the Joint Contracts Tribunal (JCT). JCT produce a range of contracts intended to cover building projects across a range of sizes and complexities and provide a number of different options as to the extent of risk an employer may wish to hold. In this instance, the intention is to choose the design and build contract for the works so as to transfer design risk over to the contractor creating a single point responsibility for any defects. For the appointment of the architects and consultant design team it is intended to utilise the JCT Consultants Appointment.

3.3 **Alternative Procurement Route**

3.3.1 A negotiated procurement route in relation to these works and services was considered but rejected as the circumstances that would justify negotiation were not felt to apply in this instance to either set of contracts.

3.3.2 The potential option of using the Council's Local Educational Partnership to procure these works and services was also considered. This was rejected on the basis that for a contract of this size and scale, the overheads, on costs and complexity associated with the use of this arrangement would be outweighed by any potential value achieved. Furthermore, it is also important that the Council retains a high degree of control over the eventual design and specification of the works.

3.3.3 The use of Barking and Dagenham Management Services for the procurement of the works has also been considered and rejected as the nature of the works will require detailed design, drawings and specifications, meaning we would have to procure the architects and design team separately anyway. Furthermore, the project will be funded with external funding, with the external funder likely to require a more conventional procurement approach.

3.3.4 The use of various frameworks such as the London Housing Consortium (LHC) frameworks or London Construction Partnerships (LCP) frameworks were considered. The use of one of the LHC suite of frameworks for the procurement of the works, was rejected as they tend to be based around procuring specific elements of work, rather than the more general building refurbishment and alterations we have for this project. Whilst the LCP suite of frameworks, does contain suitable framework agreements for the procurement of both the works and the services, it was felt likely to exclude some potentially interested bidders. As it is known that contractors not on this framework would be interested in tendering and capable of doing the works. Its use would therefore exclude these contractors.

3.3.5 The use of Be First building works frameworks was also considered, however not felt to be the optimum choice of procurement route for the works. The contractors on Be Firsts frameworks tend to be large and heavily focused on new build housing projects. For a project of this size and scale, it was felt unlikely that they would be competitive with their higher overheads and opportunities to bid for larger projects more in line with their business strategies.

4. Waiver

4.1 Not applicable.

5 Equalities and other Customer Impact

5.1 Children and young people of Chadwell Health Ward, in particular the Marks Gate Estate, are amongst our most deprived. The provision of a new youth centre hosted on the Estate will bring enormous benefits to the community. There will be positive impacts on crime and disorder, community cohesion, and mental and physical health. By bringing a dormant Council asset that has fallen into considerable disrepair back into use, we will raise civic pride. The redevelopment of Padnall Hall also supports the expansion of a thriving voluntary youth sector on the Estate, who will have a high-quality venue from which to deliver a range of positive activities.

6. Other Considerations and Implications

6.1 **Risk and Risk Management** - this project will be project managed by 'Be First'. The procurement strategy is designed to ensure that the project is successfully delivered within budget. A detailed risk and issues strategy will be developed by the project team as works progress.

6.2 **Safeguarding Children** – by transforming a dormant Council asset into a thriving new youth centre for the borough, in one of its most isolated Wards, young people will be safeguarded through the creation of an additional safe space. Provision at the Centre will also provide additional protective factors.

6.3 **Health Issues** – the creation of an additional youth facility in one of the borough's most deprived Wards will deliver significant health outcomes for the young people of Barking and Dagenham through the provision of an engaging range of positive activities.

6.4 **Crime and Disorder Issues** – Chadwell Health Ward has seen a number of high profile and tragic incidents of serious youth violence of the past few years, including the murder of Jodie Chesney. The provision of a new youth centre for the Marks Gate Estate will impact positively on incidences of crime and disorder.

6.5 **Property / Asset Issues** - The works will reduce the backlog of maintenance to the council's property portfolio. Additionally, the project will bring a dormant Council asset back into productive use by the community. All necessary processes will be undertaken to ensure that the Asset's utilities and subsequent billing will be appropriately implemented and managed.

7. Consultation

7.1 The proposals in this report were considered and endorsed by the Assets and Capital Board on 12 October 2022, the Corporate Strategy Group on 20 October 2022 and the Procurement Board on 20 March 2023

8. Corporate Procurement

Implications completed by: Francis Parker – Senior Procurement Manager

- 8.1 The proposed routes to market are suitable for the services and works being procured as part of this project.
- 8.2 Officers are satisfied that the proposed routes to market will offer the best value for money to the Council.
- 8.3 The works are below the FTS threshold value and it is proposed that the services contracts be tendered through an existing framework. No requirement to advertise in the FTS is required.

9. Financial Implications

Implications completed by: Alison Gebbett, Capital Accountant

- 9.1 This report seeks approval to start procurement to allow development of Padnall Hall into a youth centre. The building is a Council-owned asset which is currently unused, so there are no asset purchase costs, only development costs.
- 9.2 The estimate of total capital cost for the project is £1.964m inclusive of all fees.
- 9.3 The capital costs of the project will be fully funded through Government grant funding as part of the Youth Investment Fund (YIF). The grant bid has yet to be formally approved but discussions are underway with the relevant government department. In the event that the bid is rejected or only partially funded, the project will not go ahead and any costs incurred will be a charge to revenue.
- 9.4 There is no impact on Council borrowing levels from this scheme and therefore no associated borrowing costs such as Minimum Revenue Provision.
- 9.5 Once the asset is operational, there is potential for revenue grant funding to fund a youth development worker post. Any revenue costs relating to running costs of the building are expected to be minimal due to the energy efficiency of the development. Some running costs are likely to be recouped through income from hiring out the space.

10. Legal Implications

Implications completed by: Lauren van Arendonk, Locum Contracts & Procurement Lawyer

- 10.1 This report seeks to approve the procurement strategy for the Padnall Hall refurbishment project.
- 10.2 The value of the contract exceeds £500,000 and therefore, under the Council's Contract Rules the procurement strategy must be approved by Cabinet.
- 10.3 For procurements requiring Cabinet/HWB approval, the Contract Rules also state that the Procurement Strategy Report must confirm that the proposal has been

agreed in principle by the Procurement Board and that the proposed solution fits in with corporate strategies.

- 10.4 The terms of the Public Contract Regulations 2015 apply and must be observed. Regulation 18, in particular, being the principles of procurement. Any open procedure is subject to Regulation 27.
- 10.5 The procurement of the works will be by a single stage design and build contract utilising an open tender for the procurement of the required building work via the Council's "Bravo" e-procurement portal using a detailed specification, as well as the Government's Contract Finder website. This is in compliance with Contract Rules requiring the advertising of any competitive tendering process and adhering to principles of transparency, openness and non-discrimination. A JCT Design and Build Contract shall be used with the Council's standard JCT amendments.

Public Background Papers Used in the Preparation of the Report: None.

List of appendices:

- **Appendix 1** – Equality Impact Assessment