



Open Report on behalf of Andrew Crookham, Deputy Chief Executive & Executive Director - Resources

Report to:	Councillor M J Hill OBE, Leader of the Council and Executive Councillor for Resources, Communications and Commissioning Councillor R Butroid, Executive Councillor for People Management, Legal and Corporate Property
Date:	3 - 7 May 2024
Subject:	North Willingham Highways Depot, Replacement of Vehicle Store
Decision Reference:	I032312
Key decision?	Yes

Summary:

As part of Lincolnshire County Council Highways' responsibility to treat the county's roads in winter and keep residents safe, it is essential to provide adequate storage for gritting and ploughing vehicles.

The current vehicle store at North Willingham Highways Depot is no longer fit for purpose and is only usable due to temporary repair works which were carried out in mid-2023. It is in need of removal and replacement with a new, larger store which can accommodate the newer vehicles and their snowplough attachments.

This report provides a scheme appraisal and recommendation for the procurement of the design of a new store, demolition and removal of the existing building and construction of the new store, with associated electrical works and ground works.

Recommendation(s):

- (1) That the Leader of the Council approves the procurement of the removal and replacement of the vehicle store at the North Willingham Highways Depot (Scheme) as detailed in the report.
- (2) That the Executive Councillor for People Management, Legal and Corporate Property approves:
 - (a) The carrying out of the procurement process for delivery of the Scheme; and

(b) Delegates to the Executive Director of Resources in consultation with Executive Councillor for People Management, Legal and Corporate Property authority to take all decisions necessary to progress the Scheme up to and including the determination of the final form contracts and award and execution of those contracts and any other documentation necessary to deliver the Scheme resulting from the procurement process.

Alternatives Considered:

1.	Do nothing - This option is not recommended as further deterioration of the current vehicle store, already in an unacceptable condition, will negatively impact on service provision and public safety if vehicles cannot be properly stored and maintained.
2.	Traditional procurement – This option is not recommended as we are procuring this project through a framework to achieve time, cost and quality efficiencies required for the project in line with the Council’s procurement strategy.

Reasons for Recommendation:

Approval is sought for the replacement of the vehicle store at North Willingham Depot because:

1. The project will deliver the replacement building which will enable gritting works to continue across this area of Lincolnshire.
2. The existing building is in a dangerous condition and only supported by temporary repairs. Replacing it will improve the safety of the site and the staff who work there.
3. Funding for the project is already committed within the Repair & Maintenance programme.

1. Background

- 1.1 The Highways depot at North Willingham provides a base for part of LCC’s gritter fleet, which helps ensure the County’s roads are safe during the winter. The current store for these gritter vehicles is in an extremely poor state of repair and temporary measures have been introduced to ensure it remained operational through the last gritting season.
- 1.2 In order to ensure that the gritter vehicles are adequately protected and can continue to operate, it is essential to replace the existing store with a new, larger building.
- 1.3 The work for this has to be carried out during the closed season for the gritter vehicles, which runs from May to the end of September. This is the only time that the depot is quiet enough to allow works to take place and when the vehicles can be relocated to another site.

2. Procurement

- 2.1 The construction of the Scheme will be procured in accordance with the Council's Contract Procedure Rules and Public Contracts Regulations 2015 using a Design and Build Contract procured through the Pagabo Framework for Medium Works. This is an EU compliant framework which the Council is eligible to access and permits the direct award of contract or award of contract via further competition of those contractors admitted to the Framework.
- 2.2 The use of construction frameworks to procure construction work is well established with the following benefits:
- Improved predictability of outcome in terms of time, cost and quality
 - Efficiency savings achieved through aggregating work
 - Early engagement of the supply chain in the project
 - Continuous improvement
 - Provides employment opportunities and skills development to the construction market
 - Provides greater value for money

3. Scope of Works

- 3.1. The existing vehicle store, which is largely constructed of asbestos sheeting, will be dismantled and removed by a specialist contractor.
- 3.2. Electrical supplies to the offices on site and other store buildings will be disconnected from the existing building and relocated into a new, standalone enclosure.
- 3.3. An existing vehicle inspection pit, that is now redundant, will be filled in and concreted over to provide a safe surface for the vehicles and staff.
- 3.4. New pad foundations for a larger steel framed building will be created by removing sections of the existing concrete apron.
- 3.5. A new steel framed building will be constructed to house the gritter vehicles. This building will be an open fronted store, clad in profile sheeting, with rooflights, new low-power LED lighting and small power for handheld equipment.
- 3.6. The intention is for construction to mobilise in late May 2024 for completion in September 2024.
- 3.7. The total project cost is to be funded through Corporate Property's Repair and Maintenance budget.

4. Project Cost

- 4.1 The project cost for the works is approximately £725,000 inc risk budgets.
- 4.2 For details of how this is broken down and anticipated contract cost please see exempt appendix A.

5. Value for money

- 5.1. Using technical expertise via the Council's partnership with Kier ensures that all costs are consistent with industry averages. Corporate Property refers to the Building Cost Information Service (BCIS). The BCIS is part of the Royal Institution of Chartered Surveyors and is a provider of cost and price information for the UK construction industry.
- 5.2. The project at North Willingham Depot is a replacement steel framed building. For comparison purposes the replacement has been compared to BCIS independently.
- 5.3 The construction budget for North Willingham Highways Depot, without fees, employer's risk allowance and external works is approximately £684,000. This represents a cost of £1,425 per m² for the new building.
- 5.4 The cost of the refurbishment project is below the mean value of the BCIS comparison of similar projects, when issues such as the removal of asbestos, diversion of electrical supply and enhancement of the building foundations is taken into account. 'This means that the project, when benchmarked against similar projects in the BCIS database, represents good value for money'.

6. Design approval process:

- 6.1. In keeping with other schemes carried out by Corporate Property, a series of meetings were held with representatives from the service to agree the baseline schedule of accommodation. The final schedule of accommodation is based on the current building, updated statutory guidance and service feedback around the requirements for the new store.
- 6.2. Overall design principles were discussed to identify what the specification for the new store should be. This ensured that specialist knowledge and needs of the team operating the site were used to define the accommodation requirements and the external areas of the site.
- 6.3. Members of the Project and Design Teams were fully aware of the need to ensure that best value for money was achieved and of the likely financial pressures to the Scheme. Regard to value for money was given at all stages of the design process and the scope and some design solutions were revised several times to achieve the best compromise between service outcomes and the affordability of the build project.

7. Cost Control

7.1 Given the level of uncertainty within the construction industry, Corporate Property, alongside Kier project managers and quantity surveyors actively manage all contractors delivering the capital programme and have sought opportunities to control costs in the design process, whilst meeting all essential requirements. Various measures have been undertaken:

(a) The specification for the new store has been developed with input from both Corporate Property's Delivery team, Facilities Management and the service operating the site. By taking this approach the Council is only meeting the priority requirements for delivering the gritter service in this area of Lincolnshire.

7.2 By only replacing the existing building with a like-for-like facility and consistently challenging costs, Corporate Property can provide assurance that the capital build will meet all needs in an appropriate and cost-effective manner.

8. Inflationary pressures driving cost increases

8.1 Inflation within the construction industry outstrips inflation across the wider economy.

8.2 As reported in trade press and according to the Office of National Statistics, in February 2023 inflation added £23bn to the cost of the sector's output when compared to pre-pandemic levels.

8.3 During the summer of 2022 many goods within construction were experiencing a staggering (average) price increase of 25%, for 2023 (so far) this has dropped to 15% but some products are still running at 20% whilst insulation is experiencing an inflationary rate of 50%.

8.4 It has been widely reported in the national press, by central government and in previous Executive reports the main drivers for the inflationary increases.

In summary, global supply chains are still recovering from the pandemic, the supply chain shocks of the war in Ukraine are felt in terms of raw material cost increases (gas, electricity, oil) and additional demand pressure on existing supply chains, changes to the regulatory environment (red diesel can no longer be used on construction sites), labour shortages and inflationary pressure on wages, to name a few factors.

8.5. Notwithstanding the information presented above, this project compares favourably with BCIS and is felt to represent good value for money against industry benchmarks.

9. Supply Chain mitigation

9.1 The Local Authority has limited scope to mitigate the issues outlined in Section 8 due to the international nature of the problem. However, Corporate Property is active in pursuing marginal gains and exploiting opportunities (where they exist) to ensure best value for the local authority. The following is being pursued:

- (a) The procurement activities will be monitored on a monthly basis given the significant rise in costs in a short space of time.
- (b) The team are constantly assessing if alternative (cheaper and lower quality) materials can be used.
- (c) Where practicable, ensure work packages (e.g. steel, concrete, cladding) costs are tested within the market, and that 3 quotes are achieved which evidence value for money (in today's extreme market this may not be possible because some supply chain partners are not always submitting prices).
- (d) Costs continue to be robustly challenged, all costs submitted by contractors using client or partner expertise (e.g. quantity surveyor, cost management consultant).
- (e) During contract negotiations it is ensured that Council's position is protected by establishing that risk is dealt with appropriately, e.g. ensure that the contractor does not unreasonably price-in inflationary cost pressures resulting in an artificially high contract price, or to actively discuss with the contractor where the Council may decide to 'own' the risk.
- (f) Consider buying materials in bulk and/or place early orders, either directly as the client or by underwriting the contractor to do so.

10. Legal Issues

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision-making process.

An Equality Impact Analysis has not been completed given the nature of the site, which does not allow public access.
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Joint Strategic Needs Assessment (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The proposed project is felt to contribute to the aims of the JSNA and JHWS by helping to safeguard the health of Lincolnshire residents.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the

need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The section 17 matters have been taken into account but there are not considered to be any implications for the section 17 matters arising out of the decision.

11. Conclusion

- 11.1 Lincolnshire County Council has identified a need to replace the current vehicle store at North Willingham Highways depot, in order to protect the gritter vehicles and ensure Lincolnshire's roads are safe in the winter.
- 11.2 Executive Councillor for People Management, Legal and Corporate Property is therefore requested to approve the carrying out of the project and the award of a contract for construction of the new vehicle store, through a Design and Build contract under the Pagabo Framework, to RG Carter Construction Limited.

12. Legal Comments:

The proposal to procure the removal and replacement of the vehicle store as detailed in this report is within the Council's powers and by virtue of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) and is an executive function and within the remit of the Executive Councillor to consider and determine.

13. Resource Comments:

The estimated cost of £725,400 is allocated within the 2024/25 Corporate Repairs and Maintenance block budget held within the existing capital Investment programme. Subject to approval, the cost will be monitored in year within the corporate repairs budget and be reported on throughout the year as part of monthly Resources DLT updates and as part of the wider repairs programme via the Capital Review Group.

14. Consultation

a) Has Local Member Been Consulted?

No

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The decision will be considered by the Highways and Traffic Scrutiny Committee at its meeting on 29 April 2024 and the comments of the Committee will be provided to the Executive Councillor.

d) Risks and Impact Analysis -

	Impact	Likelihood	Rating	Mitigation	Category
Scope unaffordable, project does not proceed without value engineering.	Critical	Possible	6	Undertake detailed surveys/investigations to inform risk allowances at feasibility.	Economic / Financial
Further Asbestos-containing materials found in the vicinity of the works	Critical	Possible	6	Seek Asbestos Management Plan and undertake Refurbishment and Demolition survey	Legal / Regulatory
Poor or unknown condition of existing drainage.	Critical	Possible	6	A drainage CCTV survey to confirm the condition of the existing infrastructure.	Technical / Operational
Unexpected ground conditions, obstructions, soft spots, voids, contaminated material and contaminated groundwater	Critical	Probable	7	Phase 2 Soil Investigation Report to cover all the areas where excavation will be required.	Economic / Financial
Unexpected additional constraints on live site environment (limited working space/ access/ craneage etc)	Major	Possible	6	Site logistics plan to be determined once the building/site design is known.	Economic / Financial

15. Appendices

These are listed below and attached at the back of the report	
Appendix A	Breakdown of Project Costs (Exempt from publication by virtue of paragraph 3 of part I of Schedule 12A of the Local Government Act 1972)
Appendix B	North Willingham Highways Depot – Proposed Block Plan
Appendix C	North Willingham Highways Depot – proposed ground floor general arrangement

16. Background Papers

No background papers, as defined in the Local Government Act 1972, were relied upon in the writing of this report.

This report was written by Matthew Stapleton, Senior Project Manager, Corporate Property, who can be contacted on 07766 384257 or matthew.stapleton@lincolnshire.gov.uk