

16 December 2019

**Wards:** St Andrews and Docklands

Hull: Yorkshire's Maritime City - Procurement and delegations

**Report of the** Director of Regeneration

The report is not exempt but the appendices are exempt

This item is exempt due to

It contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

This is a key decision. The matter is in the Forward Plan  
0067/19

1. Purpose of the Report and Summary

- 1.1 This report seeks approval to procure the main elements of work for the Hull: Yorkshire's Maritime City (HYMC) project, to include contracts for the construction, civil engineering, shipbuilding, exhibition and activities, together with other specialist support in relation to the project.
- 1.2 Delegation to officers is sought in consultation with the Portfolio Holder for Economic Investment, Regeneration and Planning, Land and Property to award contracts where the most economically advantageous tender falls within the agreed project funding envelope, in order to achieve tight timeframes and make effective use limited of resources to deliver a key element of the World Class Visitor Destination ambitions for the City
- 1.3 The report seeks approval to pursue appropriate third party funding where available, to maximise the potential benefits for the project and reduce the funding risk to the Council.

2. Recommendations

- 2.1 That the proposed procurement methodology set out below for each specialist contract for the delivery of the Hull: Yorkshire's Maritime City project, be approved.

Contract	(b) Proposed procurement route and evaluation criteria
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Project evaluation services for five year period	NEC 4 PSC short form, open tender 70% quality:30% price
Construction works Hull Maritime Museum and Dock Office Chambers	NEC 4 ECC above EU threshold, 60% quality:40% price
Construction works North End Shipyard	NEC 4 ECC, open tender, 60% quality:40% price
Ship movement and repair	British International Maritime Repair Contract open tender, 60% quality:40% price
Exhibition and Interpretation fit out	NEC 4 ECC contract above EU threshold, 60% quality:40% price
Specialist object movement and storage	NEC4 PSC contract above EU threshold, 70% quality:30% price
Specialist conservation services	NEC 4 PSC short form open tender 70% quality:30% price

- 2.2 That the Director of Legal Services and Partnerships in consultation with the Assistant Director Major Projects and Place be authorised to select an alternative procurement route to any of those set out above in 2.1 if he considers that, on detailed review, an alternative is more likely to deliver best value or be more appropriate to the particular works or services.
- 2.3 That the Assistant Director Major Projects and Place is authorised to invite tenders for the contracts set out above in paragraph 2.1 in consultation with the Director of Legal Services and Partnerships, on the basis of the evaluation criteria set out in column (b) of that paragraph, each quality ratio to include a percentage for social value in accordance with the Council's procurement policy.
- 2.4 Subject to the most economically advantageous tender in each case falling within the funding envelope identified in para 2.1, the Assistant Director Major Projects and Place in consultation with the Director of Legal Services and Partnerships, Director of Finance and Transformation and the Portfolio Holder for Economic Investment, Regeneration and Planning, Land and Property is authorised to award the contracts on terms agreed by the Director of Legal Services & Partnerships.

2.5 That the Director of Finance and Transformation, in consultation with the Assistant Director Major Projects and Place, the Director of Legal Services and Partnerships and the Portfolio Holder for Economic Investment, Regeneration and Planning, Land and Property is authorised to apply for and accept any grant funding that might be obtained in support of the Hull: Yorkshire's Maritime City project or any elements of it, on terms agreed by the Director of Legal Services & Partnerships.

3. Reasons for Recommendations

3.1 The Hull: Yorkshire's Maritime City (HYMC) project is a heritage-driven, citywide cultural regeneration and place-making project that will continue to catalyse the remarkable transformation and momentum initiated by UK City of Culture 2017. This project will take Hull to the next level as a destination renowned for its maritime heritage and culture. Hull's rich maritime story will take centre stage creating a long-term legacy for decades to come.

3.2 The HYMC project is a key project in positioning the City as a World class visitor destination as well as reconnecting the city with its maritime history utilising much loved historic buildings and vessels. Through the careful consultation with residents, visitors and funders, the project has been developed and it has become evident that without additional facilities and further commitment of funds from the Council, the project could not achieve its ambitions and attract the substantial National Lottery Heritage fund approval of £13.6m

3.3 Separating the various works into specialist packages and procuring them separately will be the most effective route to ensure contractors of the right skills and quality are attracted to the schemes and provide competitive best value tenders.

3.4 The delegations are sought in order to provide a clear mandate to officers and facilitate efficient tendering and subsequent contract award.

3.5 The National Lottery Heritage Fund requires all contracts to be openly tendered and therefore the Council cannot take advantage of existing frameworks.

4. Impact on other Executive Committees (including Area Committees)

4.1 Whilst the project is within the Riverside Area, the impact of this proposed programme affects communities across the whole of the city. The relevant area members will be consulted throughout the delivery programme.

## 5. Background

- 5.1 The Hull; Yorkshire's Maritime City (HYMC) project has been included within the capital programme for a number of years and successfully attracted National Lottery Heritage Fund (NLHF) development grant in May 2017 for £1.368m towards a total development cost of £2.45m
- 5.2 A subsequent bid has been approved by the NLHF on the 24 September and a grant offer letter for the remaining £13.6m funding has been issued on the 9 October 2019.
- 5.3 The focus of HYMC is maritime heritage. The project celebrates the social and economic history of the local maritime industry and people. It will develop a sense of place and identity for residents and tourists, and preserve and make accessible the memories and monuments of the community. The project is wide-ranging and ambitious, encompassing three separate sites across the city - the Hull Maritime Museum (HMM), the Dock Office Chambers (DOC), the historic North End Shipyard and two historic vessels, the Arctic Corsair and the Spurn Lightship.
- 5.4 Successful delivery of the project requires the procurement of a range of specialisms

## 6. Issues for Consideration

- 6.1 The total HYMC project including the previous development has a total value of £30.4m of which the delivery stage is £28.8m which is included in the Council's overall capital review process. The contracts involved in this procurement phase are of a value of £21.7m, with a total potential procurement value of £23.8m including contingencies thought the lifetime of the project. This report deals with the major critical procurements in the first year.
- 6.2 The contracts to be tendered will be a mixture of works and services both below and above the thresholds for compliance with the Public Contracts Regulations 2015
- 6.3 HYMC is a programme of works across various sites in the City centre. These sites vary from a Grade II\* listed Museum building which requires great care and understanding of traditional methods of working on historic buildings, to a complete new build with civil and marine engineering at the North End Shipyard.

- 6.4 There are two historic ships to refurbish and place in their final berths. This requires dockyard and towing skills which are quite separate from the building elements
- 6.5 The skill set required also involves exhibits removal, storage and replacement with some conservation of identified objects.
- 6.6 Exhibition fit out and display case manufacture, graphic design and digital interactive displays is required for all elements of the programme. Consideration is also being given to breaking this element up further into lots, as again this is made up of discrete specialisms.
- 6.7 The works and services required to deliver the various components of the HYMC project can be seen to be quite diverse and, in some aspects, quite discrete from each other. Tendering each component individually is more likely to result in bids from specialist contractors who will price competitively for their element, as they will be familiar from experience with the contract forms and the risks involved. It can be the most effective route to ensure contractors of the right skills and quality are attracted to tender for the schemes
- 6.8 The National Lottery Heritage Fund requires all contracts to be openly tendered and will not allow framework contracts. They do not favour management contracts for such projects. Therefore the Council cannot take advantage of existing frameworks or appoint managing contractors who can co-ordinate the various aspects of the specialisms. An open tendering process is therefore required.
- 6.9 It should be noted that the number of contracts requires more intensive work by the Council's in-house teams; project management, procurement and legal services. These need to be adequately resourced.
- 6.10 For the majority of the work, and again in accordance with Public Contract Regulations 2015 (PCR2015) and NLHF requirements, tenders will need to be assessed on best value using quality and price. While price is a natural element, in each of the specialist areas, quality is of the utmost importance that for the most part, translates to the end product that will greatly impact on the end user visitor experience. This experience is a key requirement not only of the museum service but of the NLHF in particular. The visitor experience was the key determinant of the decision to grant fund the project.
- 6.11 Appropriate delegations for the procurement method, tendering and subsequent acceptance will facilitate the most expeditious contract award process. Member oversight is maintained through portfolio holder representation on the Project Board on a consultative basis.

6.12 The project as a whole will contribute to the Council's ambition for long term inclusive growth. The project commissioned an economic assessment as part of the bid process which showed (at 2019 prices) that it will contribute £5.9m GVA per year to Hull's economy. During the construction phase circa 280 jobs are to be created. In the first year of operation the project is expected to achieve 171 direct and indirect jobs created by operation of the museum, its supply chain and visitor spend. The Social value that will be incorporated into the contracts based on value and length of time, will include School / college / university visits, educational workshops, Voluntary Organisation activity support days, work experience opportunities, apprenticeships, higher level skills, NVQs, job related short courses along with safeguarded jobs and helping contractors to maintain their Investors in People status. The project itself provide for 18 direct quality jobs in running the project and facilities

## 7. Options and Risk Assessment

7.1 Option 1: Carry out the whole works in a single management contract. This is not an option supported by NLHF. In this case the specialisms are so diverse that it is unlikely that the quality of all the specialists could be controlled within the tender process as the range of skills required are so great. The risk pricing could be so great as to make the scheme unaffordable. Contract overheads would also be significantly increased. It would also be very challenging to ensure the best specialists are appointed.

7.2 Option 2: Package up the works into specialisms using appropriate contracts that the industry is familiar with. This is the recommended option. This provides contracts where the project team through use of appropriate criteria choose the quality of contractor needed for each specialist area without impacting on quality elsewhere. It provides a better value solution in terms of mitigating contractors' and sub-contractors' risk of over-pricing unknown areas, but does increase the workload on the professional team. The suggested breakdown for the major procurements is shown in the exempt appendix 1.

By granting appropriate delegations to officers, Cabinet provides a clear mandate to officers and facilitates efficient tendering and subsequent contract award.

8. Consultation

8.1 The scheme has been widely publicised and consulted on throughout the development phase, culminating in a widespread travelling exhibition throughout the City. In total the project has consulted with 15,000 individuals, 100 heritage and community organisations and a wide range of sector leaders and practitioners. 743 local people have taken part in pilot activities as well as representatives of 78 groups with members of more than 2,000 local people. 33 Hull primary and 10 secondary schools also participated in testing and pilots. 500 non-residents took part in consultation and helped shape the project.

9. Comments of the Monitoring Officer(Town Clerk)

9.1 The Council is using powers under the Local Government Act 1972, Local Government (Miscellaneous Provisions) Act 1976 and the Public Libraries & Museums Act 1964 to deliver the HYMC project. NLHF's preferred open procurement route has been clearly stated since the early stages of scheme development. The methodology proposed for each contract is compliant with the requirements of the PCR2015 and Contract Procedure Rules and should satisfy NLHF constraints. Development of a tailored contract for each specialism, based around industry forms, should prove attractive to a range of economic operators, thereby eliciting competitive bids. Selection criteria may be imposed that are related and proportionate to each contract and bids tested against these. Environmental and social aspects can be included, as long as these are material to the subject-matter of the contract. A great opportunity is therefore also offered through these contracts to generate multiple social value benefits. Procuring these contracts will entail an intense and concentrated period of effort for the project team and the resource implications should not be underestimated.

10. Comments of the Section 151 Officer (Director of Finance and Transformation)

10.1 The s151 Officer supports the recommendations. The costs of the works will be met from the approved capital programme which reflects both the recently confirmed HLF grant, and Council funds.

11. Comments of the City Human Resources Manager and compliance with the Equality Duty

11.1 There are no staffing issues arising from the proposals, in terms of equalities there will need to be an assessment against each part of the project on delivery.

12. Comments of Overview and Scrutiny

12.1 Committee on Tuesday, 10 December, 2019. Any comments or recommendations agreed by the Committee will be tabled at Cabinet, on Monday, 16 December, 2019. (Ref: Sc5651)

13. Comments of the Portfolio Holder for Economic Investment, Regeneration And Planning, Land And Property, Cllr Hale

13.1 I fully support the proposed delegation which is necessary for the efficient delivery of this programme.

Garry Taylor, Assistant Director Major Projects and Infrastructure

Contact Officer: Rob Kingdom Telephone No.: 612575

Officer Interests: None

Background Documents: -



## Implications Matrix

**This section must be completed and you must ensure that you have fully considered all potential implications**

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant City Manager	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes

I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	Yes