
TITLE: PROCUREMENT OF NEW COMMUTER CAR PARKS

Committee: Asset Development Committee

Date: 27th March 2017

Author: Chief Executive

[R234]

1.0 ISSUE

- 1.1 Procurement of a new commuter car park at The Dock, Ely and the extension of the existing commuter car park at Littleport Station.

2.0 RECOMMENDATION(S)

- 2.1 Members are requested to instruct the Chief Executive to complete the necessary Development Agreements with East Cambs Trading Company Ltd (ECTC) to facilitate the procurement and delivery of the new car parks at Ely and Littleport on behalf of the Council.

3.0 BACKGROUND

- 3.1 In June 2016, the Council acquired 0.45 hectares (1.1 acres) of land at The Dock, Ely to accommodate a new commuter car park. In November 2016, the Council entered into an option agreement to acquire 2.38 hectares (5.9 acres) of land at Littleport to accommodate extensions to the existing station car park.

- 3.2 In February 2017, planning permission was granted for a new 128 space public car park at The Dock, Ely, together with a footpath link from the existing public car park on Angel Drove, and associated external works.

In March 2017, planning permission was granted for extension and improvements to Littleport Station Car Park providing a net increase of 74 car parking spaces, 16 secure cycle parking spaces, and improvements to increase the quantity of accessible car parking from 2 spaces at present to 7.

- 3.3 In consultation with council officers, ECTC has now developed the detailed design of the new car park at Ely and the project is ready to go out to tender. Detailed design work for the project at Littleport Station is still ongoing and the project is expected to be ready to go out to tender in 3-4 months.

4.0 PROPOSALS/CONCLUSIONS

- 4.1 Officers have considered the alternative methods of procurement that are available for these projects.

- 4.2 Following this review, officers are concerned that local small to medium sized contractors may be put off from bidding for these construction contracts, even if they have the capacity to do so, because of the substantial quantity of pre-

qualification documentation that is required to take part in a Council run open tender.

- 4.3 In addition, many small to medium sized local firms have a policy of not bidding for open tenders (because their chance of success is significantly lower) preferring instead to secure contracts by bidding as one of an invited shortlist.
- 4.4 If the only bidders that are prepared to submit tenders for the car parks are large contractors with specialist procurement teams, the council could be exposed to project cost inflation, as these companies tend to apply higher overheads to their contract sum.
- 4.4 The council and ECTC both seek to encourage local procurement where possible and ECTC has deliberately adopted alternative procurement rules that do not require an open tender process for contracts of this size.
- 4.5 The company's rules allow for an independent Employer's Agent to be engaged to identify a shortlist of the most appropriate contractors to be invited to Tender. The shortlist should specifically include local small to medium sized companies provided they:
- possess the experience and capacity required;
 - comply with minimum standards of Insurance;
 - achieve the appropriate quality standards for the project;
 - are financially viable.
- 4.6 The invitation to tender includes a mixture of cost and quality award criteria and once the tender process is complete, ECTC is able to enter into a contract with the contractor that submits most economically advantageous tender based on these criteria.
- 4.7 Officers now believe that rather than procuring the new car parks directly, there are significant benefits to be gained from engaging ECTC to act as its developer via a Development Agreement.
- 4.8 Under a Development Agreement, ECTC would assume the contractual risk and responsibility for the procurement and delivery of the car parks and, in turn, would charge the council a development management fee for doing so.
- 4.9 The development management fee that ECTC charges the council would equate to 10% of total project costs (construction costs, professional and design fees, survey costs but excluding land costs).
- 4.10 The advantages that would accrue to the Council from adopting this method of procurement for the car park projects are:-
- i. Local small to medium sized contractors are more likely to tender for the construction contracts when invited to tender as part of a shortlist, than if the contract was offered as a completely open tender;

- ii. Bidders are keener with their pricing when bidding as part of a shortlist than when bidding for an open tender, and, as quality assessment can still be built into the process, potentially it delivers a more economically advantageous tender for the Council, via the company;
 - iii. The contract risk lies with ECTC and not the Council;
 - iv. ECTC employs staff with extensive experience of procuring and managing commercial development and construction projects, expertise that would need to be brought in by the Council;
 - v. The project is more likely to start on site, more quickly as ECTC's tender selection and approval process is shorter, saving between 4 and 6 weeks on the overall programme;
 - vi. The development management fee will not add to the overall cost of the projects as ECTC would have charged an identical fee to the Council for Project Management services anyway.
- 4.11 The advantages that would accrue to ECTC from adopting this method of procurement for the car park projects are:-
- i. Additional turnover for the company will help ECTC to maintain its 'Teckal' balance in the short term;
 - ii. Successful procurement and delivery of the car parks would further enhance the reputation of ECTC, and in turn, the Council.
 - iii. By acting as Development Manager on these projects ECTC utilises its existing professional staff resources to the full.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 The financial implications are set out in the report, specifically in paragraph 4.9.
- 5.2 Equality Impact Assessment (INRA) not required.

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
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