



## CABINET REPORT

<b>Report Title</b>	<b>Museum Expansion – Commencement of formal tender process to appoint main construction contractor.</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	13 <sup>th</sup> September 2017
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Directorate of Customer and Communities
<b>Accountable Cabinet Member:</b>	Cllr Anna King
<b>Ward(s)</b>	All

### 1. Purpose

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- 1.1 The purpose of the report is to seek approval from Cabinet to start a formal tender process in relation to the appointment of a main construction contractor for the Central Northampton Museum and Art Gallery Expansion Project; and
- 1.2 To seek approval from Cabinet to appoint Creative Good Ltd to provide exhibition design services for the Central Northampton Museum and Art Gallery Expansion Project.

### 2. Recommendations

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- 2.1 That Cabinet approve the commencement of the formal tender process using the LGSS Procurement Framework (LGSS approved supply chain) and tenders are invited for a main construction contractor to undertake the Museum Expansion and exhibition fit-out.
- 2.2 That Cabinet approves an exemption from the Contract Procedure Rules to appoint Creative Good Ltd to provide exhibition design services for the

museum expansion project for reasons pursuant to paragraph 3.2.3 of this report.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 Northampton Museum and Art Gallery (NMAG) is a highly respected regional museum best known for its world class shoe collection. Located in Northampton's Cultural Quarter at the top of Guildhall Road, it already plays a significant role in the cultural life of the town and county.
- 3.1.2 Cabinet agreed at its meeting on 12<sup>th</sup> September 2012 to the sale of a valuable Egyptian limestone statue of Sekhemka on the condition that all the proceeds of the disposal be used for improvements to the museum service and/or other cultural or heritage projects.
- 3.1.3 Cabinet agreed at its meeting on 10<sup>th</sup> September 2014 to an extension of the Northampton Museum and Art Gallery (NMAG) funded by the monies received from the sale of the statue of Sekhemka. Cabinet also agreed to the proposed acquisition from Northamptonshire County Council of the Gaol Block of County Hall.
- 3.1.4 Cabinet agreed at its meeting on 15<sup>th</sup> July 2015 to the addition to the General Fund Capital Programme £6.8m for phase 1 of the NMAG Expansion project funded by the receipt from the sale of the Sekhemka Statue.
- 3.1.5 The Gaol block has now been acquired and has been vacated to allow invasive surveys to be carried out prior to the commencement of building works.
- 3.1.6 The extension of NMAG into the former Gaol Block will enable the museum to be a leading regional museum in the heart of the cultural quarter, focused on History, Art and Shoes and Nationally and Internationally respected as an innovative museum that other organisations and institutions wish to collaborate with. The longer term strategic aim is to achieve National Museum status for the shoe collection through the Arts Council England (ACE) Accreditation Scheme. A previous application for National status in 2010 was unsuccessful and the NMAG expansion project addresses the areas for improvement identified by ACE. An application for National status will be contingent on regaining accreditation and completing Phase 2 of the NMAG expansion project.

#### **3.2 Issues**

- 3.2.1 A main contractor, Wates Construction was appointed through the SCAPE/EMPA framework in January 2016 to take the project through the feasibility stage. In order to progress the feasibility stage, it was necessary to appoint a number of specialist sub-contractors to start defining the project in more detail with the aim of producing the feasibility cost estimate for the

project. These core appointments were the architect, exhibition designer, mechanical and electrical consultant and structural engineer. Wates Construction carried out competitive tenders in consultation with the Council for the appointment of all the sub-contractors. The sub-contractors appointed are:

GSS Architecture, Architects  
BCal Consulting, Structural Engineers  
Creative Good Ltd, Exhibition Designers

- 3.2.2 The agreement with Wates Construction has now ended and the above contracts will require novation over to the main contractor appointed to take the project to completion following conclusion of the procurement process. In the case of GSS Architecture and BCal Consulting, they are already approved under the LGSS Framework so can be novated.
- 3.2.3 Exhibition design work is not covered by the LGSS Framework or any other framework. Museum design services are highly specialised and there is a very limited volume of work in this area and opportunities in such a niche market.
- 3.2.4 A competitive process, seeking direct quotations from three companies was undertaken by Wates Construction in consultation with the Council who advised on the appointment of Creative Good Ltd. The exhibition design process is the key driver for the length of the expansion project and to re-tender again would result in a significant delay of three to nine months. A re-tender due to the limited number of companies providing these services is also very likely to result in the Council and the companies having to meet additional administration costs and re-tendering costs respectively.
- 3.2.5 Accordingly, an exemption from the Contract Procedure Rules is sought to enable the Council to appoint Creative Good Ltd.

It is recommended that this contract is novated over to the appointed main contractor following completion of the procurement process.

### **3.3 Choices (Procurement Options)**

The options available for procurement of a main contractor are as detailed below:-

#### **3.3.1 Option 1: OJEU Process**

A large number of bids are likely to be received, potentially increasing choice, however this process would be lengthy and would require the Council to undertake extensive, rigorous and robust financial and health and safety checks on each potential bidder. This option will result in lengthy delays to the existing anticipated timescales. For these reasons this option is not recommended.

### 3.3.2 Option 2: LGSS Framework

A smaller number of bids would be likely to be received (Informal market testing undertaken to date has identified four potential tenderers). The tenderers have already undergone rigorous financial and health and safety checks. In addition the checks have included evidencing a proven track record in delivering similar large scale projects. This option will provide the Council with a true market price and will result in the project being delivered within the existing anticipated timescales and budget. For these reasons this option is the recommended option.

### 3.3.3 Option 3: An alternative Framework i.e. SCAPE

This option was used to appoint a construction contractor up to pre-construction stage and resulted in uncertainty around costs which introduced a significant delay to the project. For this reason this option is not recommended for this stage of the project.

3.3.4 The recommended option is, therefore, Option 2, Using the LGSS Framework to invite tenders for a main construction contractor for the NMAG expansion and exhibition fit-out. The reason for the recommendation is that it will provide the Council with a true market price and will result in the project being delivered within the existing anticipated timescales and budget. Soft market testing has indicated that there are four potential tenderers.

### 3.3.5. Choices (Appointment of Exhibition Designers)

3.3.5.1 Option 1: Undertake a further procurement process for the appointment of Exhibition Designers. A competitive tender process has already been undertaken and Creative Good Ltd were appointed as they provided the most competitive price and a design response which best met the NMAG design brief and expectations. The design companies all tendered on the basis of a fixed budget for the exhibition design and fit out and the appointment was therefore based primarily on the design response and project approach. Creative Good Ltd are in the process of developing the Concept Designs as part of the original appointment for the first phase of work. Exhibition Design is a highly specialised undertaking and highly bespoke to each design practice therefore the work undertaken to date could not be picked up and taken forward by a new design company. If this option were chosen then the exhibition design work undertaken to date would be wasted resulting in sunk costs of £35K and a significant delay to the project. For this reason this option is not recommended.

3.3.5.2 Option 2: Appoint Creative Good Ltd as the exhibition designers. Creative Good Ltd have already been appointed following a competitive tender process and are in the process of developing the Concept Designs and this work will continue enabling the project timescales to be met. This option is recommended.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no policy implications arising from this report.

### **4.2 Resources and Risk**

4.2.1 The total project budget is £6.8m. This budget will cover direct costs that the Council will incur and also an element of contingency, with the remainder being available for the contract. The value of the contract will not exceed this value.

4.2.2 The value of the contract with Creative Good Ltd is £160K and is subject to the exemption from the Contract Procedure Rules.

4.2.3 There is a risk that the procurement process will result in bids that cost more than the available project budget.

4.2.4 The budget available for the project is the receipts from the sale of the Statue of Sekhemka.

4.2.5 The sale of the statue of Sekhemka generated a capital receipt of £7.7m. The Council procured the old Gaol Block from NCC for £0.9m.

4.2.6 Costs incurred to date have been fees to Wates Construction for conducting the feasibility study; fees for the M&E consultants, structural engineers, architects and exhibition designer for feasibility and concept development; fees for necessary survey work, including structural, building plans, ecological and drainage surveys.

4.2.7 Option 1 will incur significant costs and resources in developing the tender documents, administering pre-qualification checks and incur administration costs.

4.2.8 Option 3 will include a percentage fee to the framework administrator above the main contractor fee, representing an extra cost to the project.

4.2.9 Option 2 represents best value for money as the project will not incur any charges for the use or administration of the LGSS framework.

### **4.3 Legal**

4.3.1 The LGSS Framework to provide a main contractor is compliant with the Public Contract Regulations 2015 and the tender process will be managed by the Council in collaboration with LGSS Procurement and an independent construction law legal advisor.

4.3.2 Museum Exhibition Services (CPV Code 92521100) are subject to the Light Touch Regime under the Public Contract Regulations 2015, the proposed appointment of Creative Good Ltd is under the threshold of £589,148,

accordingly the proposed contract value means this aspect of the EU regime does not directly apply. The remaining requirements relate to transparency and non-discrimination and compliance with the Council's Contract Procedure Rules.

- 4.3.3 The tender process undertaken by Wates Construction in consultation with the Council for the appointment of Creative Good Ltd was not subject to the Contract Procedure Rules and the contract award opportunity was not advertised, three quotations were sought from experienced companies with an evidenced track record in museum exhibition/design services, accordingly an exemption must be approved by Cabinet to enable Creative Good Ltd's direct appointment and complete the resulting award of contract requirements.

#### **4.4 Equality and Health**

- 4.4.1 A detailed audience survey is underway using the Audience Agency. Findings will be used to inform the CIA. A draft CIA is included as an appendix.

#### **4.5 Consultees (Internal and External)**

- 4.5.1 A consultation exercise was undertaken with stakeholders in the museum service and the wider public to seek their views on how funds from the sale of Sekhemka should be utilised. The findings of this consultation were taken full account of in the development of designs for the museum extension.
- 4.5.2 The Audience Agency findings will also be used to inform the design and flow of the museum extension.

#### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 One of the council's 5 priorities is "celebrating our heritage and culture" The extension of NMAG will make a significant contribution to this priority.
- 4.6.2 The extension of NNAG is an important component of the ambitious Town Centre regeneration programme and proposals for the Cultural Quarter.

#### **4.7 Other Implications**

- 4.7.1 None

### **5. Background Papers**

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None

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