

# EXECUTIVE DECISION OF THE PORTFOLIO HOLDER CORPORATE FINANCE AND GOVERNANCE

07 July 2025

## A. CAPITAL REGENERATION PROJECTS – HOMES FOR DOVERCOURT: EXEMPTION TO ENABLE DIRECT AWARD OF THE DEMOLITION CONTRACT

### PART 1 – KEY INFORMATION

#### PURPOSE OF THE REPORT

To grant an exception to the Procurement Procedure Rules to appoint a Demolition Contractor under direct award for undertaking demolition required for the Capital Regeneration Projects (CRP) funded Homes for Dovercourt development.

#### EXECUTIVE SUMMARY

The Council received Capital Regeneration Projects funding from the Ministry for Housing, Communities and Local Government (MHCLG) in 2023, to deliver a new car park and social housing in Dovercourt.

In July 2024, Cabinet approved (Minute no.34):

- a) agrees, subject to the full level of required funding being allocated, to the demolition of the Milton Road, Dovercourt car park;
- b) agrees, subject to the full level of required funding being allocated, to the demolition of the dangerous structure at 20 Victoria Street, Dovercourt;
- c) although subject to the decision set out within Item A.9 elsewhere on the agenda, allocate the additional identified sum of £250,000 to increase the overall budget to £3,798,751;
- e) subject to (a) to (d) above, agrees that an external contractor will be commissioned to undertake the demolition works in accordance with the Council's Procurement Procedure Rules.

Following this, a competitive Invitation to Tender (ITT) was conducted with the Essex Procurement Partnership (EPP). One bid was received—from SRC Building Demolition Services—but was non-compliant, having failed a pass/fail quality question that limited eligibility to Small and Medium Sized Enterprises (SMEs) based in Essex. Although SRC is based in Tendring, it is part of SRC Group, which exceeds SME turnover limits, making the bid ineligible under the ITT. Technically, the procurement was deemed to have failed.

In terms of the proposed approach, the Council is seeking to balance SME requirement against deliverability of the programme. While supporting local firms is an important element of social value to ensure government funding has the most local impact, it is also important that the underlying programme can still be delivered. It is expected that there will be further opportunities to support SME business over the lifetime of the project which will be considered as necessary during the various future stages. There were fifteen (15) interested

parties, but none of the SMEs submitted a bid; as such it is believed that going back to the market with a similar or the same requirement for only SMEs to bid is unlikely to be successful and would absorb additional time from a strict programme. The Council only has agreement to spend government funding for the programme up to March 2027; so if the programme slips outside the funding window the Council will not be able to progress the project.

Although it is not known why SME did not submit bids, the reasons can include lack of capacity or capability or a combination of the two. Given there are technical elements of the demolition especially associated with the Victoria Street, this may have led to fewer bids than expected.

The budget estimate for this piece of work was £200,000 + VAT and the bid received is for £97,830+ VAT demonstrating value for money as the works can be delivered with this supplier under-budget. As the bidder is familiar with the site, having helped TDC clear it of flytipped rubbish and vegetation, it is deemed that their price is reliable and accurately reflects the current market rates where risks are known.

Planning consent was granted in early spring 2025 (references 24/01716/FUL and 24/01911/FUL) which included consent for demolition of both sites. The demolition will enable the development of contract documentation to be completed to enable main contractor tender, working towards starting the main construction works in Q3 2025/6.

**Next step:** Authorise exemption to Procurement Procedure Rules as noted below, this will enable the Council to enter into the demolition contract for the execution of the works.

#### **RECOMMENDATION(S)**

##### **It is recommended that:**

- a) the Corporate Finance & Governance Portfolio Holder on recommendation of Section 151 Officer, approves an exemption under Paragraph 2.2 of the Council's Procurement Procedure Rules;
- b) subject to (a), the Deputy Chief Executive and Corporate Director for Place & Wellbeing in consultation with the Portfolio Holder for Economic Growth, Regeneration and Tourism, approves to award and enter into contract with SRC Group Ltd (of Crown Business Centre, Ardleigh, CO7 7QR, Company number 10850220) for the purposes of undertaking demolition works.

#### **REASON(S) FOR THE RECOMMENDATION(S)**

SRC Ltd. were the sole bidder but were disqualified for not meeting the SME criteria. As no valid bids were received, EPP issued Notice UK12: Procurement Termination via the Find a Tender Service.

Despite this, the bid scored well across all other evaluation criteria. Officers have assessed the submission, with EPP reviewing Social Value and Commercial aspects. The external Principal Designer also confirmed SRC's compliance and capability.

Demolition is critical to progressing the project and meeting the MHCLG funding deadline of March 2027, making it a priority.

Fifteen companies expressed an interest in bidding, but only one eventually did bid for the works. Since the project has strict timeframes for funding defrayment, the deliverability of the project was balanced against requirement to support SMEs via the CRP programme.

Lessons learnt for the future include:

- A) Having a broader remit for procurement, depending upon scope and scale of the works required
- B) Encourage SMEs to engage in advance such that we can understand any capacity or capability gaps.

#### **ALTERNATIVE OPTIONS CONSIDERED**

1. Repeating the ITT, to include non-SMEs: Any bids received could be deemed compliant, at the cost of substantial time lost and impact on the overall programme.
2. Not undertaking demolition – this option is not viable for the delivery of the projects.

## **PART 2 – IMPLICATIONS OF THE DECISION**

#### **DELIVERING PRIORITIES**

The Council's new Corporate Plan identifies key priorities including: Pride in our area and services to residents, Raising aspirations and creating opportunities, and Working with partners to improve quality of life. The Capital Regeneration Projects (CRP) directly support these themes, with a specific commitment under the "raising aspirations" priority to implement the CRP.

Recent Oversight and Scrutiny Committee reports on lessons learned from other capital projects highlight the importance of ensuring sufficient information is available before entering a main build contract. This is essential to effectively manage construction risks and avoid unforeseen costs.

#### **OUTCOME OF CONSULTATION AND ENGAGEMENT** (including with the relevant Overview and Scrutiny Committee and other stakeholders where the item concerns proposals relating to the Budget and Policy Framework)

Public consultation held in summer and autumn 2024 showed strong support for demolishing the redundant structures at Milton Road and Victoria Street.

The proposals have also received positive backing from Councillors, including Ward Members, through engagement with the Portfolio Holder Working Group.

Further details on consultation and engagement related to the CRP can be found in previous Cabinet reports (see links to earlier decisions below).

#### LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	N/A

This report seeks two decisions:

1. **Approval of an exemption** under Paragraph 2.2 of the Council's Contract Procedure Rules.
2. **Award of contract** to SRC Group.

Under Paragraph 2.2, where the contract value is between £50,000 and £250,000, the Corporate Finance & Governance Portfolio Holder may grant an exemption on the Chief Financial Officer's recommendation. A formal Portfolio Holder decision is required. The proposed contract, valued at £97,830, falls within this threshold. The exemption is sought due to the failure of the open tender process to yield any compliant bids. The contract award is not a key decision and can therefore be made by the Deputy Chief Executive and Director of Place, in consultation with the Portfolio Holder for Economic Growth, Regeneration and Tourism. A formal record of the decision will be published for transparency.

<b>YES</b>	<b>The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
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In accordance with Section 13(9) of the Procurement Act 2023, the Council, as a contracting authority, must have regard to the government's priorities as set out in the National Procurement Policy Statement (NPPS), in delivering value for money. There is an importance of the strategic leadership and decision-makers to ensure that these priorities are considered.

In carrying out a procurement covered by the Act, a contracting authority must have regard to the importance of delivering value for money. Achieving value for money is always the overarching priority in public procurement. This must include consideration of outcomes and quality to avoid waste from low value, poor quality bids. This means optimising the use of public funds by balancing effectiveness, efficiency and economy over the life-cycle of a product, service or works to achieve the intended outcomes of the procurement. This includes wider

socio-economic and environmental benefits and impacts. Government guidance (e.g. Managing Public Money and Best Value statutory guidance) sets out how to use public money responsibly.

The NPPS emphasises the importance of public procurement as a lever supporting the delivery of the Government's "missions". The NPPS establishes three priorities for contracting authorities to deliver value for money. Each priority is then accompanied by actions that contracting authorities should take:

**1. Driving economic growth and strengthen supply chains by giving small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) a fair chance at public contracts, creating high quality jobs and championing innovation.**

Contracting authorities should:

- Maximise procurement spend with SMEs and VCSEs.
- Ensure their suppliers are committed to providing high quality jobs, safe and healthy working conditions, fair pay, opportunity and progressions for workers.
- Work collaboratively across policy, delivery and commercial functions to develop a "pro-innovation mindset".

**2. Delivering social and economic value that supports the Government's missions by working in partnership across organisational boundaries.**

Contracting authorities should:

- Secure social and economic value which supports delivery of the national missions taking into account priorities in local and regional economic growth plans.
- Ensure their suppliers are actively working to the highest standards of integrity, ethical conduct and environmental sustainability in business practices.

**3. Building commercial capability to deliver value for money and stronger outcomes. Contracting authorities should ensure the right commercial capability and standards are in place to procure and manage contracts effectively and to collaborate with other contracting authorities to deliver best value.**

Contracting authorities should:

- Apply commercial best practice including the principles and policies in the Government's Playbook series (where appropriate) and make decisions based on value for money and service quality when assessing delivery models and outsourcing decisions.
- Benchmark their organisational capability and workforce capacity to ensure they have the appropriate procurement and contract management skills and capacity necessary to deliver value for money.
- Use collaborative procurement agreements, where appropriate for the requirement and the market, to ensure value for money.

Seeking the exemption would allow the Council to manage and use public money responsibly.

The content of the report demonstrates how the Council sought to achieve the priorities within the NPPS.

## FINANCE AND OTHER RESOURCE IMPLICATIONS

### **Dovercourt CRP**

The total bid for the Dovercourt Town Centre Improvement Corridor was £6,652,251. The costs for Project Two: Homes in Dovercourt, are as follows:

Total request to Levelling Up Fund: £3,332,251

Match Funding Contribution provided by TDC at bid stage: £216,500

A further £250,000 of outturn funding towards the proposed demolition works at Milton Road car park.

Total updated project costs: **£3,798,751**

### **Site Clearance and Demolition**

Demolition costs were estimated at approx. £237,000 based on market benchmarks for the Milton Road car park and 20 Victoria Street. The bid received from SRC Group is £97,830—significantly below estimates. SRC has prior experience on site, offering confidence in the tender price.

Early demolition enables quicker cost certainty, helping refine budgets for the construction phase and reducing risk of cost variations later.

### **Funding**

The proposed demolition works at Milton Road will be funded from the drawdown of the associated CRP funding, and the proposed demolition of the derelict structure at 20 Victoria Street will be funded from the CRP funding. A total funding of £250,000 was allocated to the works by Cabinet in July 2024 (Minute no. 34).

### **Delivery Capacity**

The Project Delivery Unit has allocated experienced personnel to oversee delivery, supported by the appointed external consultant team.

YES	<b>The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:</b>
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The approach set out within this report is broadly supported acknowledging its pragmatic intentions, associated project delivery timescales and that further social value opportunities are expected to arise during the overall project delivery period.

## USE OF RESOURCES AND VALUE FOR MONEY

Selection of the sole bidder and establishing Value for Money:

1. There was a rigorous evaluation process laid down within the Procurement framework. This process was followed and only a competitive and technically acceptable bid was to be assessed.

2. TDC and its professional team of RICS-chartered cost consultants were able to benchmark the bid against market metrics. They have a very good understanding of competitive bidding in a local government environment.
3. Following a risk-managed strategy, an estimate (£200,000) was included in the initial cost appraisal. This was done prior to site clearance as the site-access was considered unsafe for any survey works. This figure was considered appropriate for the level of risk and the unknowns at that stage,
4. Once the site was cleared, TDC were able to initiate topo and other preliminary surveys that formed part of the demolition ITT documentation.
5. This documentation established to the bidders what the risks are and other constraints, and would have been used to refine the bid price of any tender.
6. The sole bidder is local to the site and has a good understanding of the site and any potential risks.
7. The sole bidder has extensive experience in this type of contract and are well respected.
8. The supplier will be providing mobilisation and implementation plans. Good contract management throughout the life of the contract will contribute to ensuring that VFM is achieved and that the delivery targets are met.
9. TDC, via EPP (Essex Procurement Partnership), undertook market engagement and compliant tendering practices.
10. The entire process, from tendering to evaluation, is well-documented for transparency and potential scrutiny.

As a result, it is the professional view of the RICS qualified members of the Project Delivery Unit, based on market experience of demolitions in London and the East region, that this is a good value tender.

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	The project will deliver significant new public assets which will support service delivery. Progressing demolition at this stage will support the Council's financial sustainability through reducing exposure to financial risk.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	There is a programme and project manager overseeing delivery of these schemes who actively manage risk at a project and a programme level, with monthly reporting to the programme board of the top ten risks and mitigations. The financial risks are highlighted clearly and updated monthly.
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	These are capital projects seeking to – in part - renew council assets to improve the quality of the service. Costs are managed closely and lessons from previous capital delivery schemes are reflected in the delivery of these projects.

## **MILESTONES AND DELIVERY**

### **Progress to date**

- Consultant team inception: Q2 2024/5
- Project brief defined: Q2 2024/5
- Public engagement – Q2-3 2024/5

- Detailed Planning Application Lodged – Q3 2024/5
- Planning Approval: Q4 2024/5
- Stage 3 Cost Plan – Q1 2025/6 (costed-design)

### **Forward Look**

- RIBA Stage 3 (Spatial Coordination) design completed: Q2 2025/6
- Tender Documentation and Employer's Requirements Produced: Q1/Q2 2025/6
- Executive decision to release Tender Information for Main Build Procurement: Q2 2025/6
- Contract Sum Analysis: Q2 2025/6 (costed and benchmarked)
- Cabinet Approval to accept preferred tender and enter contract: Q3 2025/6
- Construction start on site: Q3 2025/6
- Construction period: 12 – 18 months

MHCLG confirmed in April 2025 an extension to the funding agreement, through to March 2027, bringing the funding period in line with the reported delivery timescales.

### **ASSOCIATED RISKS AND MITIGATION**

Project risks are constantly monitored through a systematic and ongoing process of risk identification, assessment, mitigation and monitoring. The risk register is a rolling item, developed at both individual project and programme level, and presented monthly at the Programme Board, reporting on the status of risks to all project team members, stakeholders and sponsors to ensure effective delivery. The current key risks to the entire programme are as follows:

	Risk	Mitigation	Owner
1	Procurement	Market engagement	TDC & ECC
2	Programme delays	Monitoring and project management	ECC & TDC
3	Cost escalation	Programme management	ECC & TDC
4	Ground conditions	Surveys	ECC & TDC
5	Land Appropriation	Appropriation, insurance	TDC & Legal
6	Design development	Project management	ECC/TDC
7	Construction Risk	Early engagement	ECC & TDC
8	Contracts	Timely governance and processes	TDC
9	Third party approvals	Early engagement	TDC & ECC
10	Devolution/Local Government Reform	Communication and information management	TDC & ECC

Key risks relating to the matters discussed in this report:

- Risk of challenge: An open tender process was carried out and no other bids were received, therefore this risk is considered minimal;
- Risks relating to site works: The bid included health and safety information including method statements which have been assessed to be competent and sufficient.

### **EQUALITY IMPLICATIONS**



EQIAs were developed for both bids and are intended to be living documents which are updated throughout the scheme. Key findings for both the LUF and CRP programmes of work have been set out in further detail in previous Cabinet reports. There are no specific equality consideration for the demolition aspects of the scheme, or allocation of the risk pot of funding

### **SOCIAL VALUE CONSIDERATIONS**

The bid included evaluation of Social Value in line with the Council's adopted Social Value Policy. The evaluation of the submission, and the ongoing monitoring of the contractor's obligations in relation to social value, form part of EPP's responsibilities as the Council's procurement resource.

### **IMPLICATIONS RELATED TO DEVOLUTION AND/OR LOCAL GOVERNMENT REORGANISATION**

LGR and Devolution are not relevant to the matters discussed in this report as the works will be complete well before the new shadow authority comes into being, likely in March 2027. The relevant implications of the development more broadly, in particular the ongoing management of the assets delivered, will be subject of a dedicated report presented to Cabinet in Q3 2025/6.

### **IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050**

Whilst reusing existing buildings rather than demolishing and rebuilding uses less carbon by preserving embodied carbon, reuse is not an option as both 20 Victoria Street and Milton Road are beyond economic repair.

The bidder is a locally based contractor whose wider operations include waste processing and recycling. As part of their bid they have committed to recycle in excess of 80% of demolition waste resulting from the site. Furthermore, as a locally based contractor, the bidder also represents lower carbon emissions through shorter travel distances.

### **OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

<b>Crime and Disorder</b>	Redeveloping the Victoria Street sites will create improved visual amenity in the area, and the development of housing at the sites will contribute to the reduction of crime through increased natural surveillance.
<b>Health Inequalities</b>	The completion of the Homes in Dovercourt scheme will result in the provision of housing in an area which has demand on the housing register and known health inequalities.
<b>Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)</b>	The recommendations set out within this report are in compliance with the Council's Procurement Procedure Rules.
<b>Area or Ward affected</b>	Harwich & Kingsway Ward.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

Not relevant to Portfolio Holder level decisions

## PREVIOUS RELEVANT DECISIONS

A full list of previous decisions relevant to the LUF/CRP programme is available in the December 2024 Cabinet Report.

- 6 October 2023; Cabinet: Levelling Up Fund and Capital Regeneration Projects - Progressing the Projects to Planning Permission ([11879](#))
- 24 May 2024; Cabinet: Update on LUF / CRP ([12439](#))
- November 2024; Executive Decision: Planning Submission for the CRP Funded project at Milton Road Car Park, Dovercourt ([12962](#))
- December 2024; Executive Decision: Planning Submission for the LUF Funded project at Carnarvon Terrace, Clacton-on-Sea ([13060](#))
- December 2024; Cabinet: Progressing the Projects to production of Tender information ([19665](#))

## BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

For a full list of background papers relevant to the LUF/CRP programme please refer to the December 2024 Cabinet Report.

## APPENDICES

Nothing to record

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