

FARNBOROUGH LEISURE AND COMMUNITY HUB –
APPROVAL OF PROPOSED MAIN CONTRACTOR PROCUREMENT ROUTE

SUMMARY:

The purpose of this report is to seek Cabinet approval for the proposed procurement route to appoint a Construction Contractor to deliver the Leisure Centre and Community Hub. While the scheme is in the early stages of feasibility, approval of the proposed procurement route now will allow early engagement and input from the contractor prior to the formal appointment of a main contractor once a final decision to proceed with a scheme has been taken.

RECOMMENDATIONS:

Cabinet is recommended to approve:

1. The proposed procurement approach to appoint a Construction Contractor to deliver the Leisure Centre and Community Hub project via a direct award framework, as set out within this report.
2. Approve the engagement of Wilmott Dixon Construction through the Major Projects Framework which is part of the Procurement Hub Consortium.

1. INTRODUCTION

- 1.1 The purpose of this report is to seek Cabinet approval to proceed with a single-source procurement approach (using an existing EU framework as outlined in paragraph 3.1) for the delivery of the combined Leisure Centre and Community Hub. Formal appointment of the contractor will not take place until the feasibility study and detailed business case has been developed, and a formal decision to proceed has been made by Cabinet. Approval to proceed with the proposed procurement approach will enable early contractor engagement during feasibility development which will facilitate project delivery.

2. BACKGROUND

- 2.1 The Cabinet approved (RP2009) the development of a feasibility study and detailed business case for delivering a combined Leisure Centre and

Community Hub in July 2020. This work is underway and will be concluded by December 2020 with a decision on next steps being presented to Cabinet in early 2021.

- 2.2 As part of the feasibility study development, engagement with the market is important to validate technical and cost information and ensure that cost and risk is proactively managed from the outset.
- 2.3 Learning from successful projects elsewhere, being able to bring potential contractors into the project early is the best way to achieve this input which should result in a lower risk and managed cost project. This input and expertise can be accessed at no cost or obligation to the Council during the feasibility stage, if the appropriate procurement route is agreed at the commencement of this work.
- 2.4 A review of options for delivery has been undertaken considering EU compliant competitive and non-competitive routes. The detail of the available procurement options for a scheme of this nature is set out in section 4 below.
- 2.5 Having reviewed these options, it is recommended that a single-source procurement route is most appropriate for the delivery of this scheme because of the benefits from early engagement that this allows with the chosen Contractor.
- 2.6 This approach is detailed below and has been identified on the basis of the proposed Framework benefits combined with the opportunity to work with a Contractor based in Farnborough to support the safeguarding of local jobs.

3. Other Considerations

- 3.1 In looking at options, it was necessary to identify a procurement route that would allow access to contractors with the relevant experience in delivering complex schemes and specialist leisure facilities, as well as a procurement route that had a strong track record of project delivery, to time, cost and quality.
- 3.2 The Council's procurement strategy identifies the importance of Council spend being made locally and officers have considered this in coming to a recommendation.
- 3.3 The proposed approach provides guarantees in relation to local spend, supply chain and use of SMEs as well as Social Return on Investment (SROI) in line with the Council procurement strategy.

4. Rationale for Procurement Approach

- 4.1 It is proposed that the contractor is procured using an existing framework which has already been competitively tendered allowing for the appointment of a single supplier by the Council. Because Frameworks like this have been procured in compliance with EU Procurement Regulations it provides a legitimate procurement route for gaining access to a single supplier without the

need to undertake a further competitive procurement process and ultimately reduces the risk of any future public procurement challenge.

- 4.2 Use of a framework means that a competitive process has already taken place to appoint a single contractor to the framework with fixed core costs and overhead and profit. Framework users are then able to work directly with this framework and contractor to deliver their project without needing to undertake a wider OJEU tender or competitive process.
- 4.3 Having fixed the core costs and overhead and profit, remaining project costs are sub-contracted work packages that are locally tendered on an open book basis to a managed supply chain. This ensures that all work is competitively tendered and benchmarked to achieve value for money. It also evidences that 100% of cost on any project is market tested to achieve value for money.
- 4.4 Direct award frameworks offer immediate access to framework delivery partners which avoids the time and cost delays of undertaking a tender process/mini competition and allows early engagement with the contractor from the start of the scheme. This also focuses project spend on scheme development.
- 4.5 Early contractor involvement and contractor support/advice on brief development, budget costing, project programming and buildability is provided at no cost at feasibility stage. This ensures that the key project information is sufficiently developed before preconstruction services commence. This option is not available to us if we engage in a mini competition.
- 4.6 Following this stage, and once the scheme receives approval to proceed from Cabinet, formal appointment of the Contractor would take place and the scheme will be delivered through a two stage Design & Build process.
- 4.7 This early engagement allows the collaborative development of the scheme from the outset ensuring that all parties are involved in key decisions and have a shared understanding of project delivery, parameters and risk share. This also allows for core design team partners to transfer to the contractor upon appointment which means the Council works with the contractor to agree the team that we will work with to deliver the scheme.

5. Available Procurement Routes

- 5.1 A review has been undertaken to understand the available procurement routes for delivery of the scheme using single source or direct award. In looking at options, it was necessary to identify a procurement route that would allow access to contractors with the relevant experience in delivering complex schemes and specialist leisure facilities, as well as a procurement route that had a strong track record of project delivery, to time, cost and quality.
- 5.2 The primary options available based on these criteria were the Scape Direct Award Framework or Procurement Hub Major Projects Framework.

- 5.3 Both frameworks offer a range of benefits to the user in relation to local spend, social return on investment and spend with SMEs. Both frameworks also offer early engagement with the client at no risk.
- 5.4 Wilmott Dixon Construction are the Contractor on Procurement Hub and Wates Construction are the Contractor on Scape Direct Award.
- 5.5 Both Contractors have a strong track record in Leisure delivery, however Wilmott Dixon has more experience of delivering combined Leisure and Civic buildings.

6. Recommendation

- 6.1 Having reviewed the available single source and direct award frameworks available, it is proposed that the Project engages with Wilmott Dixon Construction through the Major Projects Framework which is part of the Procurement Hub Consortium.
- 6.2 Major Projects is a single source framework available to all public sector organisations and joint ventures in the UK. The framework covers all sectors and project values and is partnered by Willmott Dixon Construction (Lead partner) working in partnership with Robertson (Scotland), Farrans (Northern Ireland) and Fortem (repairs and maintenance).
- 6.3 Framework users have ready access to a responsible, auditable, social value driven and fully risk managed solution for their construction projects that will deliver cost certainty as well as full supply chain visibility that is continually managed, monitored and reviewed.
- 6.4 The Major Projects Framework is free to join and access. Upon accessing the Framework, the Contractor offers a free, no obligation feasibility study. This means that Wilmott Dixon will work alongside the Council team to develop and inform the detailed business case.
- 6.5 The Council approach is to retain control of the feasibility study and business case which means that we will undertake additional work to develop a detailed cost and risk assessment for the scheme which will inform the business case. By engaging the Contractor in the process, we can have transparent discussions from the outset regarding cost, risk share, scope and programme.
- 6.6 Subject to Cabinet approval of a detailed business case and project budget, we would then formally engage with the Contractor using a Pre-Construction Services Agreement. During this stage, the contractor will develop detailed designs. This design information with all cost information will then be submitted for review and clarification prior to contract award. Final contract sum negotiation can take place at this point prior to agreement of contract.
- 6.7 If, during pre-construction (once formal contractor appointment is in place) the project needs to stop, there is no penalty fee.

- 6.8 Since costs are submitted on an open book basis, and the Council is undertaking a detailed feasibility study, cost management will be a key focus from the outset to ensure that the project is delivered on budget.
- 6.9 If, at the end of the Pre-Construction Services Agreement period, the Council does not wish to enter into contract with Wilmott Dixon, the Council will own the designs and associated information and the scheme can then be re-procured through an alternative procurement or traditional route.
- 6.10 The framework offers maximum flexibility in relation to types of contracts, subcontractor appointments and value of contracts. It is fully managed and monitors a range of core KPIs as well as Contractor financial viability.
- 6.11 The framework has a range of key deliverables which the Contractor must deliver including:
- Guaranteed minimum 20% spend of overall project value within 10 miles of the project location.
 - Guaranteed minimum 40% spend of overall project value within 20 miles of the project location.
 - Guaranteed minimum 75% spend of overall project value within 40 miles of the project location.
 - Minimum 85% of spend is with SMEs.
 - Social Return on Investment (SROI) of 10-15% of overall project value. By maximising local spend, there is a significant social return on investment and Wilmott Dixon have advised that they believe they will significantly exceed this target (they achieved 69% on their most recent scheme).
- 6.12 Approximately 30% of the Wilmott Dixon team live within 30 miles of Farnborough. Securing the Farnborough Leisure and Civic Centre project would provide a significant pipeline project and future work for this local business who has seen a significant downturn as a result of Covid-19, helping safeguard local jobs.

7. Recommendations

- 7.1 This paper seeks approval to proceed with the early engagement of Wilmott Dixon during feasibility stage, in anticipation that they will be appointed via Procurement Hub as the Construction Contractor should the project move forward to delivery. This appointment will not take place until the detailed Business Case has been approved by Cabinet in early 2021.

8. IMPLICATIONS

Risks

- 8.1 In line with all projects within the Regenerating Rushmoor Programme, a full risk register supports the project.

Legal Implications

- 8.2 There are no known legal issues in proceeding with this approach to delivery.

Financial and Resource Implications

- 8.3 This approach will bring additional resource to the development of the feasibility study and detailed business case at no cost to the Council.
- 8.4 Appointment of the contractor through the framework will be managed by the internal Project Team with some input from an external legal advisor. The resource required to procure in this way is significantly less than with a competitive process.
- 8.5 Access to the framework is free of charge and contractor input during feasibility is at no cost to the Council. If the project proceeds and the Contractor is appointed, fees in pre-construction are based on a % of the overall project value up to contract award. As outlined above, all core costs and overhead and profit have been fixed as part of the procurement.

Equalities Impact Implications

- 8.6 There are no known Equalities Impact Implications arising from this report.

9. NEXT STEPS

- 9.1 Subject to Cabinet approval, the Council will sign the Access Agreement for the Major Projects Framework of the Procurement Hub Consortium to Procurement enable immediate contractor engagement in the project.

10. CONCLUSIONS

- 10.1 Cabinet is asked to approve the recommendations of this report on the basis that there is a clear rationale for using a single-source framework to deliver early contractor engagement with this high-profile scheme during feasibility. This will mitigate risk on the project and enable seamless transition from feasibility to delivery if the detailed business case is approved.
- 10.2 The Leisure and Civic Hub project aligns with three overarching themes of the Council Business Plan:

- People – improving the health and wellbeing of residents;
- Place – driving forward the regeneration of Aldershot and Farnborough town centres / maintaining and developing excellent indoor and outdoor facilities;
- Better Public Services – transforming and modernising the way we deliver our services to customers

BACKGROUND DOCUMENTS:

Cabinet Report RP2009 – Farnborough Leisure and Civic Hub – Approval of Outline Business Case and Next Steps

Project documentation including risk register

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