

Report of	Assistant Director of Commercial Services	Author	Lois Bowser ☎ 282573
Title	Northern Gateway Sports Hub – Procurement Strategy		
Wards affected	Highwoods, Myland and Braiswick		

1. Executive Summary

- 1.1 The planning application for the new sports hub at Northern Gateway has now been submitted, this marks an exciting step forwards in delivering a new sporting destination for Colchester. A funding package has been agreed including successfully securing funding from central government to enable delivery of the scheme.
- 1.2 This report sets out the options that are available to the Council for procuring a contractor to deliver the construction of the sports hub at Northern Gateway and recommends a procurement approach which can meet the budget, high quality design aspirations and timescales of the project.
- 1.3 The proposed sports hub will be located on the north side of the A12 at Junction 28 in the Council's Northern Gateway growth area. It is intended to replace and to enhance the sports and recreation facilities at the Mill Road recreation ground and in so doing will create a regional centre particularly for indoor cricket, rugby and cycling, and provide opportunities for public health and physical activity benefits.
- 1.4 Following extensive work undertaken by the project team, and in consultation with stakeholders, a master plan for the sports hub as well as a viable business plan was presented to Cabinet who then approved the project including an overall capital budget in November 2017, the scheme was submitted for planning approval in mid February.
- 1.5 A procurement strategy for appointing construction contractors now needs to be agreed in order to meet the deadline of commencing construction in Autumn 2018. The Council's professional project managers, Gleeds, are advising on the procurement approach.

2. Recommended Decision

- 2.1 That Cabinet agree the recommended Procurement Strategy as set out below for the purpose of appointing a contractor to build the sports hub comprising grass and artificial pitches, cycle track, sports hall and rugby club pavilion together with associated ground and infrastructure works.
- 2.2 To note that a report outlining the contractor appointment will be brought back to Cabinet in June.

3. Reason for Recommended Decision

- 3.1 To provide a framework for consistency in the delivery of this complex project that retains overall control of the process and allows for specialist contractor input and maintains high quality standards, whilst meeting the challenging budgetary and timescales.
- 3.2 In order that the procurement of the contractor can be run simultaneously with the planning application process to enable the delivery timescales to be met.

4. Alternative Options

- 4.1 Not to agree the recommended procurement strategy, however this would jeopardise the delivery of the project and would introduce delays to the procurement of contractors
- 4.2 As set out below, various options regarding the type of work package and method of procurement have been considered.

5.0 Background Information

- 5.1 The project has been developed by a wide team of specialists in different aspects of development including architecture, planning, construction, ground surveyors, infrastructure, transport etc and was subject to a full Environmental Impact Assessment as part of the detailed planning application (Application reference 180848). It is expected to be determined by the Planning Committee by June and following referral to the Secretary of State it is anticipated that full planning approval will be granted in July 2018.
- 5.2 The Project Plan identifies the relocation of the sports users including the rugby club to be completed by the end of 2019. The extensive groundworks and grass pitch construction must commence during autumn this year; in order to achieve this the procurement process for the building contractors needs to commence in the late spring. The council's project management consultants, Gleeds, have also been advising on the strategy for procuring the different contractor specialists required in order to meet the standards required by the sports governing bodies.

6.0 The Recommended Procurement Strategy

- 6.1 It is recommended that the Council uses an established Construction Framework Agreement and seeks a single stage Design and Build tender with a transfer of the designs to date to the contractor with CBC retaining its existing architects to oversee the build process. It is further recommended that the co-ordination of the contractors overall and on site be carried out by Gleeds who already provide project management services to the Northern Gateway scheme and are familiar with the Council's requirements in terms of delivery timescales and costs.
- 6.2 The overall objective of the strategy is to construct a building that meets the council's requirement for the sports facilities including the requirements the Council has as the potential future operator. It is intended to retain as much control over the development process as possible in order to achieve the required completion date and cost out-turn. It is also intended to retain design control and to permit modest design change if need be.
- 6.3 It must be acknowledged that in relation to the overall procurement mechanism the OJEU threshold is likely to be exceeded currently at £4,551,413, no matter how the work is broken up into packages; but any established Construction Framework Agreement that the Council used would be compliant with The Public Contracts Regulations

6.4 The options available in terms of procurement relate mainly to contractual options and stages, and how to break up the significant work packages whilst maintaining control over contractor co-ordination, timescale, costs and quality of the delivered product. Critical to all options is the timing of design responsibility and the status of the design development at the point of tender.

The work package options considered were:

1. Single Package – to procure and appoint a single contractor to manage the entire works. Although this provides a simpler contractual arrangement it means paying a premium for the main contractor to manage the specialist sub-contractors, and less control over the latter's selection.
2. Two Package – to procure all the civils (the groundworks, drainage, access roads etc) and the pitch installations in one package and the construction of the buildings in another. This requires careful management of both the design and construction interfaces. It gives more control over the selection of the highly specialist contractors but no clear point of responsibility though this would be overcome through the continuing appointment of Gleeds to undertake this role. In terms of on-site delivery it allows a staggering of the construction work that would suit the nature of construction of the grounds and buildings.

The two stage process is the recommended procurement route for the Council.

There are other procurement routes which were considered at an early stage but have been dismissed given the level of control the Council needs during the construction period, the need to retain a tight overview of costs and the quality of build. These included splitting the contract into a number of smaller packages however these methods would introduce more cost and more delay into the project.

6.5 With regard to the procurement method required, three main options have been considered:

1. Construction management – where a single contractor manages the whole process but there are multiple contracts with individual contractors and the risk therein lies with the Council.
2. Traditional – the Council as client appoints the design team and passes the completed detailed design to the contractor to build. The sports project has in fact adopted this kind of approach up to now and continuing would maintain full control over the product. However, the stages have to be carried out sequentially with the finished drawings completed before the tender process can commence. Although this allows changes to be incorporated more easily it places all risk with council including increases in cost and site issues arising. Given the timescales of the project it is unlikely this type of procurement would be possible.
3. Design and Build – the contractor would take on the completion of the design details themselves once the contract has been let. This gives a single focus of responsibility for design and construction and the ability to input to the design to improve buildability. There is a fixed cost but no savings necessarily passed to the client either. The timing of the design transfer is key and also its degree of detail at handover stage. For the sports hub this has been developed to ensure certainty over the final product to RIBA Stage 3+ with certain elements designed further such as the plant. In addition it is intended that the Council would retain the services of the current architect during the build process to monitor the construction delivery against the overall design.

Option 3 is the recommended method of procurement as it limits risk to the Council over total costs and by retaining the existing architect on the scheme, CBC can continue to monitor any design changes and impact these might have on overall scheme quality.

This option will also ensure:

- Contractor carries the responsibility and risk for the ultimate design and construction
- The Council can retain some control and influence over the design and maintain quality
- The Council should be able to obtaining a competitive price for the contract
- The scheme can be procured and constructed within the challenging timescales

In summary the recommended procurement strategy is:

Design & Build with tender at Stage 3 / 3+ with transfer of historic design responsibility to the contractor

Using a

Single stage tender methodology

Through an

Established competitive Construction Framework

By dividing the works into

Two packages: Civils (reduced dig, roads, drainage, site build-up) and pitch installation as one package and procure construction of buildings as separate package

7. Equality, Diversity and Human Rights implications

- 7.1 This report concerns an approach to procuring building contractors for a sports project and there are no equality impact considerations at this time

8. Standard References

- 8.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

9. Strategic Plan References

- 9.1 The project relates directly to the vision, themes and objectives of the [Strategic Plan 2018-21](#)

10. Consultation

- 10.1 The project itself has been developed along with the principal sports users and local stakeholders. There is local support for the project and every expectation that it will be well used by the local community, clubs and sports users of all levels.

11. Publicity Considerations

- 11.1 Publicity will be reviewed upon selection of a contractor

12. Financial implications

- 12.1 The project budget was agreed by Cabinet in November 2017 and this forms the cap on expenditure. A funding package including some Council borrowing was also approved by Cabinet in November 2017 and expenditure is reviewed monthly against budget to ensure the project remains on track.
- 12.2 The scheme has been costed by Gleeds under their contract with the Council which forms part of the SCAPE Framework.
- 12.3 The recommended procurement approach provides some cost certainty for the Council in respect of this high value contract as the risks associated with the build element of the project are carried by the contractor through the design and build process.

13. Community Safety Implications

- 13.1 None – this is a contract procurement strategy

14. Health and Safety Implications

- 14.1 None – every health and safety standards will be complied with during the construction process.

15. Risk Management Implications

- 15.1 The following risks have been identified in respect of the recommended procurement approach;

Risk	Mitigation
Risk provision built into the design and build tender price so may be more expensive	Ensure framework is large enough to encourage competitive tendering
Less design control through design and build process	Mitigated through retaining in house architect to work alongside contractor
Need to run the tender process alongside the planning process due to challenging timescales	Delays to planning could lead to delays in appointing contractor. Gleeds are appointed to manage the planning permission process and the contract procurement so same consultancy team
Design and build will be fixed price so any savings through final design process would not be passed onto CBC	Cost Plan analysis suggests there is unlikely to be any cost savings during development and this method avoids the Council having to carry the risk on cost overspend as this is borne by the contractor.
Two package approach may lead to issues in having 2 contractors on site at the same time	Can be mitigated through careful management by Gleeds.

- 15.2 The risks associated with the recommended procurement strategy to the time, cost and quality of the project have been minimised in this approach but there remains the risk of unforeseen events such as weather or ground conditions that might affect overall progress of the project. There is a contingency budget in the wider project to allow for any budget overspends in this respect. The costs are tightly managed by the consultant and through the contract and on-site supervision will ensure contractors adhere to this.

Background Papers

Cabinet report November 2017