

Report of	Meeting	Date
Director of Planning and Property Introduced by Executive Member Economic Development and Public Service Reform	Executive Cabinet	Thursday 21 st March 2024

Procurement Strategy - Levelling Up Fund (CBC)

Is this report confidential?	No
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Is this decision key?	Yes
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Purpose of the Report

1. To present the detailed procurement strategy which will support the delivery of the Levelling Up Fund (LUF) projects.

Recommendations to Executive Cabinet

2. To approve the procurement strategy.
3. To delegate the contract award for consultants and main contractor(s) to Executive Member for economic development and public service reform for sign off.

Reasons for recommendations

3. To progress the delivery of the Levelling Up Fund project.
4. To mitigate any risk to £20m of Levelling Up Funding.

Other options considered and rejected.

5. Options considered with regards to procurement have been outlined within the body of the report

Corporate priorities

6. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
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Background to the report

Project Summary

7. Following a bid submission in June 2022, the Council has been successful in securing £20m from the Government's Levelling Up fund (third round) for the regeneration of Chorley Town Centre.
8. The project will deliver urban regeneration to Chorley Town Centre. It will reinvigorate 3 no. central locations in the town centre, delivering 3 projects addressing long-term decline. The projects proposed and their constituent parts will bring a new economic purpose to the Town Centre by delivering highly visible transformational change. This will act as the catalyst for the longer-term revival of the Town Centre with a deadline of March 2026 for all Levelling Up Funding to be defrayed.

Location 1 - Bengal Street Residential Development

9. Bengal Street development seeks to offer much needed residential units within the town centre. The proposed development will support the provision of 52 no. apartments and 10 no. duplex houses, responding to the town centre's residential needs within a strategic council-owned site. The scheme links into the interchange via high quality public realm works.
 - 62 high quality residential units of which 30% (19 units) are affordable. Units are to be low energy/carbon houses.
 - 157.7 m2 ground floor commercial unit.
 - 310 m2 of public open space.
 - 479 m2 of public realm area including connectivity works.
 - New footfall and activity in the town centre produced from the occupation of new residential units.

Location 2 - Civic Square Mixed-Use Development

10. The Civic Square regeneration project establishes and enhances the new town square for Chorley. It aspires to marry retail and commercial usage alongside residential usage, whilst coexisting with the cultural and heritage background of Chorley within a key community facility. Public realm works for this project will enhance accessibility for both locals and visitors alike, whilst the square itself will be used for a plethora of community activities throughout the year.
 - 29 High quality residential units of which 30% (9 units) are affordable. Units are to be low energy/carbon houses.
 - 820 m2 ground floor F&B units.
 - 126 space public car park.
 - 5,094 m2 of public open space where events can be held.
 - 3,052 m2 of public realm area including connectivity works.
 - New footfall and activity in the town centre produced from occupation of the new residential units.

Location 3 - Health and Wellbeing Hub

11. The creation of Chorley town centre's new NHS Hub on the site, from the refurbishment of former council offices, will form a key town centre utility and provide joined up services to people with the greatest health needs and lowest life expectancy in the borough.
 - Creation of NHS health hub.
 - New public realm area including connectivity works.
 - New footfall and activity in the town centre produced by the new NHS facilities.

Procurement Strategy

Design Team

12. To achieve the above there are several design consultants that need to be appointed to facilitate the project. These include but not limited to:
 - Architect
 - Quantity Surveyor
 - Structural engineer
 - MEP Engineer
 - Project manager
 - Landscape Architect
 - Civil engineer
 - Fire engineer
 - Acoustic consultant
 - Planning consultant
13. Due to the challenging funding timescales, it is proposed the designs will be taken to RIBA stage 3 with planning permission sought. Following planning approval, tender exercises will be undertaken to procure Design and Build Contractors as this will allow for a streamlined and time-efficient approach to project delivery. The RIBA stage 4 design will be carried out by the selected contractor as part of a pre-construction services agreement. It is proposed due to the previous involvement of the architect and to ensure continuity that we look to appoint the same consultant through a direct award via the Bloom framework (or similar) which will look to provide both programme and cost benefits.

Further Design Disciplines

14. It is proposed that the project team will seek to procure the remaining design consultancy services through multiple mini competitions through a pre-procured framework. This will allow for a quicker and more efficient process to conclude the tendering and allow for design development works to commence to meet the challenging funding constraints.

Framework Arrangement such as Bloom, CCS or similar:

PROS

- Fast, efficient, easy to use OJEU compliant procurement frameworks that remove the need to undertake costly and time-consuming full OJEU procurement processes.

- Significant reduction in procurement timescale
- Direct award or options to undertake mini competition.
- Reduced procurement costs
- Robust agreements resulting from thorough professional due diligence.
- Pre-agreed terms and conditions – Funds simply ‘call off’ the framework to meet their requirements.
- Detailed and easy to use guides, support, and templates.
- Reduced transaction costs
- Long-term relationships
- Performance measurement systems – designed to encourage continuous improvement and to verify that public money is being used wisely.
- Better Social Value and Greater Community Wealth.

CONS

- There are several frameworks.
- Competition tends to be suppressed.
- Rigidity in contract terms

15. The preferred option to procure the remaining design disciplines is via a framework given the challenging funding constraints. This option will allow for a quicker appointment process whilst still allowing for competition to justify Value for Money (VfM), however the option to open it out to the market will be considered should this need to be instigated.

Further Services

16. Further services are required to develop the design for planning and tender including but not limited to:

- Phase 1 Desktop Geo-technical Survey
- Phase 2 Site investigations
- Preparation of remediation strategy
- R&D Survey
- Topographical Survey
- GPR Survey
- Utility Search / Network Capacity Assessment
- Ecology / Invasive species
- FRA / Drainage strategy
- Transport Assessment & Travel Plan

17. It is proposed that the above services are procured by either:

- 3 quotes for services below the Council’s standing orders threshold. This will be required where the services are deemed urgent to meet the tight timescales as set out by the funding body (LUF).
- The Chest is the Northwest e-portal for procurement will be utilised for all other services which exceeds the Council’s standing orders threshold.
- In instances where local providers could be used in circumstances where a quick appointment is required to use a framework like ‘Bloom’ to procure the professional services. The framework uses its own procurement portal.

- The above options will give local businesses the opportunity to tender for professional services as set out above and also allow the Council to quickly appoint consultants necessary to develop and complete the works to meet the LUF funding requirements, the main one being completion of all Levelling Up Funding being defrayed by March 2026.

Tender Evaluation Criteria

18. An evaluation criterion of 40% cost and 60% quality (Inclusive of 15% SV) to be used as the assessment criteria for design team consultancy services.
19. An evaluation criterion of 100% cost to be used as the assessment criteria for assessment of further services (primarily for the undertaking of surveys). This may change if the proposed fees are higher than £25k following which the process utilised will be in line with the Council's contract procedure rules.

Main contractor procurement

20. The proposed procurement strategy is to procure a separate Design and Build Contractor for each project following the preparation of the RIBA stage 3 design.

Benefits of Design and Build Procurement.

a) Single Point of Responsibility

Design and build contracts consolidate responsibility under a single entity, typically the contractor. This minimises the potential for disputes between different parties, streamlining project management.

b) Time Efficiency

Combining the design and construction phases allows for overlapping workflows, reducing overall project duration. Novating the design to the contractor at RIBA Stage 3 facilitates early contractor involvement, potentially accelerating the entire process.

c) Cost Certainty

Design and build contracts often come with fixed-price agreements. This provides clients with greater cost certainty, as they are less susceptible to unforeseen expenses that may arise in traditional contracts with separate design and construction entities.

d) Collaborative Innovation

Novating the design at an early-stage fosters collaboration between the designer and the contractor. This collaboration can lead to innovative and practical solutions, ensuring that the design is not only aesthetically pleasing but also feasible and cost-effective.

e) Risk Allocation

Design and build contracts can shift certain project risks, such as design errors or omissions, from the client to the contractor. This encourages the contractor to take a proactive role in identifying and mitigating potential issues during the design stage.

f) Reduced Administrative

Clients experience a simplified procurement process with design and build contracts, as they only need to manage one contract and communicate with a single point of contact. This can significantly reduce administrative burdens and streamline decision-making.

g) Flexibility

Novating the design allows for flexibility during the construction phase. The contractor, being involved in the design, can make real-time adjustments based on on-site conditions, ultimately enhancing the adaptability of the project.

h) Value Engineering

Early contractor involvement enables value engineering, where cost-effective alternatives are explored without compromising the project's quality. This can lead to optimised designs and potentially lower overall project costs.

i) Improved Communication

Since the contractor is involved in the design process from an early stage, communication between the design and construction teams tends to be more effective. This can help in avoiding misunderstandings and ensuring that the project aligns with the client's expectations.

j) Faster Problem Resolution

With the design and construction teams integrated, any issues or changes can be addressed more promptly. This reduces the likelihood of delays and facilitates a more agile response to challenges that may arise during the project lifecycle.

21. It is proposed that the main Design and Build contractors to carry out the works are procured via a mini competition on:

A Construction Framework Arrangement such as the North-West Construction Hub, RISE, Pagabo or similar:

PROS

- Fast, efficient, easy to use OJEU compliant procurement frameworks that remove the need to undertake costly and time-consuming full OJEU procurement processes.
- Significant reduction in procurement timescale
- Reduced procurement cost
- Robust agreements resulting from thorough professional due diligence.
- Pre-agreed terms and conditions – Funds simply 'call off' the framework to meet their requirements.
- Detailed and easy to use guides, support and templates.

- Reduced transaction costs
- Long-term relationships
- Performance measurement systems – designed to encourage continuous improvement and to verify that public money is being used wisely.
- Better Social Value and Greater Community Wealth

CONS

- There are a number of frameworks about
 - Competition tends to be suppressed.
 - Rigidity in contract terms.
 - The specifications, price, etc. are fixed for the specified period. There is little scope left for innovation or change.
 - Tend to be add more value on larger more complicated projects.
22. The preferred option for the main contractor is to appoint via a framework through a mini competition given the challenging funding constraints. This option will allow for a quicker appointment process and allow the contractor to start on site quickly however the option to open it out to the market will be considered should this need to be instigated.

Tender Evaluation Criteria

23. An evaluation criterion of 60% cost and 40% quality (inclusive of 15% SV) to be used as the assessment criteria for assessment of bids for the main contractor.

Local Supplier Engagement

24. Officers will look to put in place plans and processes to both promote and support local supplier engagement in advance of the procurement process commencement.
25. Engagement with both the business engagement and procurement teams will be co-ordinated to allow expressions of interest to be received from local businesses and support provided to assist with the registration process on the Council's procurement portal and other frameworks.

Indicative Delivery Programme

Project 1 – Bengal Street

Milestone	Start	End	Comments
Project Commencement	Jan 24	Dec 26	Dec 26 – construction completion date
Design Development	Apr 24	Aug 24	RIBA 3
Main contractor (2 stage tender)	Sept 24	Apr 25	Procurement and Contract Award
Technical Design	Aug 25	Dec 25	RIBA 4
Construction	Jan 26	Dec 26	RIBA 5-7

Project 2 – Civic Square

Milestone	Start	End	Comments
Project Commencement	Jan 24	Aug 26	
Design Development	Apr 24	Aug 24	RIBA 3
Main contractor (2 stage tender)	Aug 24	Dec 24	Procurement and Contract Award
Technical Design	Jan 25	June 25	RIBA 4
Construction	Jul 25	Aug 26	RIBA 5-7

Project 3 – Health Hub (Union St)

Milestone	Start	End	Comments
Project Commencement	Jan 24	Apr 26	
Design Development	Apr 24	Aug 24	RIBA 3
Main contractor (2 stage tender)	Sept 24	Feb 25	Procurement and Contract Award
Technical Design	Feb 25	Jun 25	RIBA 4
Construction	Jul 25	Apr 26	RIBA 5-7

Climate change and air quality

26. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda at this stage, and all environmental considerations are in place.
27. All climate change and air quality considerations will be considered as part of the project delivery process.

Equality and diversity

28. An impact assessment has been completed and will look to be monitored to ensure all equality and diversity impacts are reviewed to ensure the commitments continue to be fulfilled.

Risk

29. The risks are summarised as follows:

Risk	Mitigation measures
Procurements process does not result in bids being submitted.	Procurement processes inc frameworks to be assessed and EOI's to be circulated where possible in advance of finalising the strategy
Programme delays	Procurement options considered allow for efficiencies in processes to mitigate any risk to programme delays
Funding risk – clawback	Risk to funding clawback primarily attributed to delays have been mitigated through outlining efficient procurement routes for appointment of consultants and contractors.

Increased project costs	Work has been done on project through appointment of cost consultants undertaking the due diligence and informing the process.
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Comments of the Statutory Finance Officer

30. There is no budget approval yet for the Levelling Up grant as this is yet to be confirmed. Any spend in advance of the budget approval will be funded from existing, approved, budgets for Town Centre or utilisation of relevant UKSPF funding.

Comments of the Monitoring Officer

31. There are no concerns with what is proposed in this report. Everything appears to be in compliance with Contract Procedure Rules. Legal Services will be responsible for checking any contracts that need to be entered into. Advice on the specifics of each procurement activity will be provided by specialist procurement officers – whether in house or external.

Background documents

There are no background papers to this report.

Appendices

None

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This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.