

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Radcliffe Cabinet Bury Cabinet Committee	<b>Date:</b> 20 August 2021
<b>Subject:</b>	LUF Projects – Procurement Update – Part A	
<b>Report of</b>	Leader and Cabinet Member for Finance and Growth	

## 1. Summary

- 1.1. Following the announcement of the Levelling Up Fund (LUF) in the 2021 Budget, Bury Council submitted two bids in round 1 of the Fund in respect of the projects. The bids were required to evidence compliance with a mandatory spending programme; to commit to commence spending within the current financial year (FY 21/22) and for all spending of any monies awarded to be fully defrayed by March 2024. The bids were also required to outline a commercial case detailing a robust and compliant procurement route aligned with the spending programme, value for money, and deliverability.
- 1.2. A decision confirming a Levelling Up Fund funding award is expected in Autumn 2021.
- 1.3. This report provides an update to Members on the procurement of the projects' main contractors, having now been subject to a competitive tendering process, which culminated in the receipt of multiple submissions. Detailed consideration of those submissions has now been completed to identify the strongest tender returns and appointments are being recommended on that basis.

## 2. Recommendation(s)

Cabinet is recommended to:

- Note progress to date on the development of the Radcliffe Civic Hub and Bury Market Flexi Hall projects, in line with the LUF bid procurement strategy and spending programme requirements;
- Approve the contractor appointments to undertake design development and planning for both projects on behalf of the Council under pre-construction service agreements (the details of which are in the Part B paper); and
- Note that update reports will be presented to Cabinet upon completion of each RIBA Stage.

### **3. Reasons for recommendation(s)**

- 3.1. The Radcliffe Strategic Regeneration Framework (SRF) was adopted in September 2020 as the Council's policy for the future regeneration of the town. The development of a Hub in Radcliffe's town centre is integral to the SRF's aims, and access to monies from the Levelling Up Fund is crucial to the delivery of the hub.
- 3.2. In Area policy BY6 - Central Shopping Area, the current development plan states that the Council will encourage and support proposals for retailing and appropriate ancillary retail uses within Bury town centre's central shopping area.
- 3.3. In Area policy S1/1 - Shopping in Bury Town Centre, the Council will protect, maintain, and enhance the role of Bury Town Centre as a sub-regional shopping centre and promote the centre as a focal point for further development. In particular, the Council will support the expansion of the centre through the development of additional comparison shopping floorspace, complementary non-food retail warehousing and speciality shopping.

### **4. Alternative options considered and rejected**

- 4.1 Undertake all duties required to complete RIBA Stages 2-4 and go out to the market via a traditional tender route. This approach is not feasible due to limited internal resource to manage all design and planning activities. Moreover, the timescales required to fulfil these duties and follow a compliant traditional tender route would not enable compliance with the LUF spending criteria a programme.

### **5. Background**

#### **5.1 The Radcliffe Hub proposals**

- 5.1.1 The formation of the Radcliffe SRF was informed by a comprehensive community engagement strategy. Feedback was used to prioritise the interventions needed to create a town centre that felt safe. A key premise of the SRF is that a revitalised core will act as a catalyst for the regeneration of the wider town and fundamental to this is the proposal for a new Hub in the core of the town centre. The development of a new Hub has been identified as one of the SRF's priority projects which would bring together a mix of civic functions in an accessible and sustainable location in the core of the town centre.
- 5.1.2 The Hub project is a major regeneration priority project given the potential for the site to have a fundamental role in driving economic growth. Consultation feedback on the SRF showed that the proposals for a new Civic Hub in the heart of the town centre were particularly popular, with over 90% of consultees in favour of the project.

- 5.1.3 The challenge and the aspiration for the Hub development is to deliver a mixed-use scheme that is distinctive and one that delivers the right products of the right quality within the current market conditions, with the potential to incorporate council services, leisure facilities, high quality retail, food and beverage outlets, community events space and private office space.
- 5.1.4 The SRF is clear in specifying that the preferred location for a new Hub should be in the heart of Radcliffe town centre and, specifically, identifies the site of the existing 1960's precinct now in Council ownership. This location is strategically linked to the public transportation network, complements the Radcliffe Market proposals, and will significantly improve the image and environment of the town centre core.
- 5.1.5 The Radcliffe Civic Hub bid submitted to the LUF presented for consideration a sustainable town centre new build development and the refurbishment and repurposing of existing assets in council ownership.

## **5.2 The Bury Market and Flexi Hall proposals**

- 5.2.1 Cabinet previously approved proposals to develop regeneration plans for the markets area in May 2020. The key priorities of these plans were informed by an extensive public and stakeholder engagement strategy and endorsed by the Bury Market Taskforce. Approval was given to develop designs and business plans for an indoor Flexi Hall.
- 5.2.2 The Bury Market and Flexi Hall bid submitted to the LUF will present for consideration a sustainable town centre new build development and the refurbishment and repurposing of existing assets in council ownership.

## **5.3 The Levelling Up Fund – Programme & Procurement Criteria**

- 5.3.1 Arrangements for the Levelling Up Fund were announced in the 2021 Budget and outlined within the published prospectus document.
- 5.3.2 Bury has been designated within the highest priority category for funding, and based on an initial review, proposals for Radcliffe Hub and Bury Flexi Hall are well aligned with the funding criteria.
- 5.3.3 The bids submitted both outlined a commercial case predicated upon a robust and compliant procurement strategy that evidenced alignment with the following LUF assessment requirements:
- The fund will operate on a competitive basis, considering the priority category, deliverability, strategic fit and value for money.
  - The focus is on projects that delivery visible change, with first round targeted towards bids that can demonstrate deliverability and can begin within the current financial year. Bids had to be submitted by 18th June 2021 with spend complete by March 2024.
- 5.3.4 Given the current status of the projects in relation to early-stage design development, the delivery programmes submitted as part of the LUF bids outlined the following procurement activity; to support in-year spending,

alignment with an award decision, quality design development and due diligence, and awarded monies being fully defrayed by March 2024:

LUF Bid submission	May 2021
Expressions of Interest	June 2021
Tender period (4 weeks)	July 2021
Tender Analysis (2 weeks)	August 2021
Contractor Selection	August 2021
Agree and enter into PCSA (2 weeks)	September 2021
Contractor Mobilisation	October 2021
Commence Project Development (PCSA)	October 2021
LUF Award Decision	October/ November 2021
RIBA Stages 2-4	October 2021- June 2022
Stage Two Tender Period (4 weeks)	June 2022
Tender Analysis	July 2022
Approvals	August 2022
Enter into Main Construction contract	September 2022
Contract Completion	March-June 2024

## **5.4 Procurement Strategy**

5.4.1 Having appraised the various methodologies available, the procurement strategy for both projects is based upon a two stage Design & Build approach being adopted via a regional procurement framework.

5.4.2 In order that limitations are not set in terms of competition and market involvement, outside of procuring the design and construction of the directly delivered elements of the Projects, a developer-led route was also suggested as an appropriate mechanism for use on the Radcliffe North Block and Enterprise Centre. Traditional tender routes will also be adopted, in relation to consultant appointments, group 2 and 3 equipment and other miscellaneous procurement.

5.4.3 The scoring of procurement options assumes well-defined and robust Employer's Requirements and minimal client change introduced during the post-contract period and is based upon the key objectives of the Council. These objectives are as follows:

- Programme Certainty
- Risk Transfer
- Early Contractor Involvement
- Cost Certainty (Post-Contract)
- Design Control
- Durable/ Maintainable Product

## **6. Next Steps**

6.1 The Council will enter into a Pre-Construction Service Agreement (PCSA) with the selected contractor. The agreement covers the period from the

submission of first stage tenders up to the submission of a definitive second stage tender and entry into a main contract for the construction phase.

- 6.2 The PCSA contract will encompass the delivery of RIBA Stages 2-4, including but not limited to: the procurement and delivery of site investigations and surveys, design development (including stakeholder led and technical design), planning and consents, development of cost plan, programme, risk management plan, communications plan.
- 6.3 Upon completion of each RIBA Stage, a report detailing the updated project information (design, cost, programme, risk etc.) will be presented to Cabinet. This will be complemented by monthly contractor progress reports, and a dashboard report tabled at the monthly the BGI Capital Programme Board. A summary report from the BGI Capital programme Board will also be shared at the bi-monthly Radcliffe Regeneration Board, and quarterly Radcliffe Regeneration Advisory Group.
- 6.4 The Stage Two Tender will be informed and returned once all development work under the PCSA has been completed, and proposals reviewed, agreed, and signed off by the Council. Acceptance of the Stage Two Tender will enable the Council to enter into the main contract for the delivery of construction works.
- 6.5 In accordance with the project bids submitted to the LUF, it is anticipated that PCSA activities will be completed by June 2022, and a Stage Two Tender returned by August 2022.

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### **Links with the Corporate Priorities:**

7. The regeneration of Radcliffe and investment in Bury Market supports delivery of the Let's Do It strategy and the five themes that underpin the plan. The five themes all have a correlation to how we design our Towns. As we move towards a future in urban areas where people travel less, buy locally, work and access local services, we need vital and liveable neighbourhoods. This means the Council must think carefully about neighbourhoods and how they can be either built or re-designed to work well. Strategic investment in Radcliffe and Bury town centres and the delivery of the Hub and Flexi Hall projects, are fully aligned with this vision. A detailed economic value analysis, and synergistic strategic cases were included as part of the LUF bids.
8. Our Corporate Plan 2020/22 sets out key themes, principles, and deliverables to support the Borough of Bury as it recovers from the local impact of the Covid-19 pandemic and builds a better and brighter future for our population, communities, and businesses. The contractor will be seeking to implement apprenticeships, skill enhancement and placement opportunities with local education providers. Wherever possible, they will seek to utilise a local supply chain for labour and materials. The company has established a charitable

trust, which supports working with local community groups and charitable organisations to support programmes and projects being undertaken at a local level.

9. The Contractor has been fully appraised of the strategic drivers of the projects and understand how these capital developments will act as enablers to realising key objectives and benefits in both Bury and Radcliffe.

**Equality Impact and Considerations:**

- 10.If built, proposals will be brought forward to Cabinet in due course for comprehensive redevelopment, with a full resident and wider community engagement strategy included. The contractor has demonstrated a social value strategy as part of their tender submissions, which outline a robust methodology to stakeholder engagement including the inclusion of service users, staff, public sector partners, community organisations, 3<sup>rd</sup> party service providers and businesses.
- 11.Design development will be managed by the contractor and driven by a project brief that reflects the need for inclusive environments; ensuring our estate facilitates participation by all, is fully compliant to Part M of Building Regulations, and demonstrates best practice design principles. Equality Impact Assessments will be iteratively updated as design detail matures.

**Environmental Impact and Considerations:**

- 12.The Council has a pledge to be Zero Carbon by 2038. This means that the current estate needs to be rationalised and modernised with the likely outcome that all Council services will need to be provided in a new building, whilst sharing services and facilities with the wider public sector. The hub provides an opportunity for the Council to consolidate its estate. The contractor will be appointing BREEAM consultants as part of their design team. They will work with the appointed architects to ensure that sustainable construction methods and materials are utilised, and that buildings are designed to operate as efficiently as possible by adopting green technologies.

**Assessment and Mitigation of Risk:**

Risk issues	Management Strategy/ Mitigation
<b>Strategic - Business and External risks</b>	
<b>Reputational</b> – confidence in the ability of BC to deliver objectives undermined	Appointing an expert and experienced delivery team
<b>Catastrophe risk</b> – inherently unpredictable events – Covid, Brexit	Effective project management structures

<p><b>Regulatory risk</b> – changes in laws and regulations</p> <p>New planning bill - new design standards</p> <p>New building regs</p>	<p>Appropriate contingency provision in programming and budget</p> <p>Risk apportionment</p> <p>Ongoing proactive approach to risk management</p>
<p><b>Delivery Risks</b></p>	
<p><b>Land assembly</b> – risk that inability to secure land parcels impacts on scope/programme</p>	<p>Land assembly strategy – approach to securing VP</p> <p>Proactive negotiation</p>
<p><b>Site conditions</b> – risk that adverse / unforeseen site conditions result in cost increases</p>	<p>Site investigations – full SI report</p> <p>Appropriate cost planning and contractor engagement</p> <p>Form of contract / warranties etc</p>
<p><b>Design complexity</b> – risk of lack of clarity in objectives and service requirements</p>	<p>Engagement and consultation</p> <p>Clearly setting objectives</p> <p>Involving service leads – design</p>
<p><b>Build risk</b> – risk associated with contractor management / underperformance / site characteristics</p>	<p>Effective contract management following the Government Construction Strategy involving:</p> <p>Form of contract – NEC</p> <p>Soft-landing provisions - Operational led design</p> <p>Contract retentions</p>
<p><b>Supplier risk</b> – availability of expert contractors for site clearance and specialist activities; risk of contractor failure</p>	<p>Procurement strategy</p> <p>Due diligence – transfer risk to main contractor</p> <p>Contracting – risk transfer</p> <p>Local labour vs established operators</p>
<p><b>Programme risk – LUF bid requirements</b></p>	
<p><b>Permissions</b> – risk that delays in securing planning, building regs and highways approvals impacts on programme</p>	<p>SRF establishes principle</p> <p>Early engagement – pre-application</p> <p>Ensure planning strategy aligned with delivery strategy – phasing of applications</p> <p>Managing statutory consultees including Historic England</p> <p>Minimise pre-commencement conditions</p>

<b>Procurement</b> – the risk that strategy results in delays / impacts on objectives	Procurement strategy - work packages Form of contract – NEC programme is part of contract pack D&B approach Use of frameworks Early engagement with contractor Phasing plan – staged approach
<b>Funding approval</b> – potential for delays in external approvals to impact on deliverability	Ensure sufficient internal resource allocated to enable project to progress
<b>Financial risk</b>	
<b>Project costs</b> – risk that capital costs increase above projections	Carry out investigations Procure expert advice Contingency and Optimism Bias Risk allocation – contractor Monitoring and contractor relationship Manage value engineering
<b>Funding availability</b> – risk that capital funding is not secured at the requisite level to deliver the stated objectives	Scoping alternative options
<b>Financial performance</b> – risk that operational costs/income fail to achieve projections	Sensitivity analysis Prudent approach to business planning Appropriate budget provision for build-up in activity Planning for unforeseen costs

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### Legal Implications:

The procurement route undertaken is a lawfully compliant route through framework arrangements via the Northwest Construction Hub. The hub is a regional framework which allows access to a range of contractors. It is of note that the proposed design and build arrangements will allow a flexible approach to development of the levelling up proposals. At this stage the Council will be entering into a pre-construction services agreement only which will provide a flexibility.

Further Cabinet reports will follow as the project develops ensuring members are updated on the projects, risk and financial position. Once the pre-construction work has been completed the Council will then look to enter into a separate build contract which will be procured under the framework arrangements.

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## **Financial Implications:**

Both of these projects form part of the Councils capital programme. The levelling up fund allows for the projects to be accelerated and enhanced. This report seeks agreement to the awarding of the contract for the projects main contractors following a procurement process utilising framework agreements via the Northwest Construction Hub.

Should the Council not be successful in receiving all or part of the levelling up funds for both or either of these projects there is still the opportunity within this process to reduce the design specifications. There is also funding towards abortive costs if levelling up funds are unsuccessful.

It should be noted that until the outcome of the levelling up bids is announced later in the year the full scope of the works cannot be finalised. Therefore, flexibility has been built into these contracts to reflect that the scope and timing of the delivery of the projects may change subject to the availability and value of available funding. Further updates will be brought to Cabinet later in the year and throughout the duration of the projects

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## **Background papers:**

*LUF Bids - Radcliffe Hub & Bury Flexi Hall Projects*

*Procurement Strategy – Radcliffe Hub & Bury Flexi Hall Projects*

*NWCH Social Value Report - Radcliffe Hub & Bury Flexi Hall Projects*

Please note that the above listed documents were submitted as part of the LUF bid application packs

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>
LUF	Levelling Up Fund
NWCH	Northwest Construction Hub – GM region-based procurement framework

D&B	Design and Build (form of contract) is an approach where a contractor will be responsible for designing an asset as well as all procurement, planning, and construction activity.
RIBA Stage	Incremental approach to the development and delivery of construction projects, as outlined by the Royal Institute of British Architects. The process includes seven stages from project inception, strategic development, detailed design, technical design and procurement, construction, commissioning and handover, and post occupancy
BREEAM	Building Research Establishment Environment Assessment Method – a methodology for assessing, rating, and certifying the sustainability of buildings
Soft Landings	As outlined in the Government’s Construction Strategy, soft landings refers to a methodology that designs an asset with management and maintenance considerations acknowledged from the outset. The intension is that when the building is handed over, the occupation and running of the asset is as smooth as possible and problem free – i.e., a soft landing
PCSA	Pre-Construction Service Agreement – A contract that covers all activities required to develop a project ahead of the main construction contract being agreed and entered into
SRF	The Radcliffe Strategic Regeneration Framework
BGI	Business Growth and Infrastructure
OJEU	Official Journal of the European Union
NEC	New Engineering Contract