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| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Key |
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| <b>Report to:</b> | Cabinet  | <b>Date:</b> 12 July 2023 |
| <b>Subject:</b>   | Radcliffe Hub Project – Main Works Contract (Part A) |                           |
| <b>Report of</b>  | Leader and Cabinet Member for Strategic Growth       |                           |

## Summary

- 1.1 The purpose of this report is to advise Cabinet of the works packages that, in accordance with the Radcliffe Hub project programme, now need to be instructed via the Main Works Contract. The relevant drawings and programme that inform these works are appended to Part B of this paper.
- 1.2 Works included within the proposed Main Works Contract, have been market tested and independently verified, and a copy of the tender report is appended to Part B of this paper.
- 1.3 The Main Works Contract will encompass and supersede the Enabling Works Contract which was given Cabinet approval in April 2023.
- 1.4 This proposal aligns with the cashflow spending commitments outlined in the Levelling Up Fund MOU, and ensures the project is compliant with the stipulation that all monies awarded from the fund are fully defrayed by March 2025.
- 1.5 Since confirmation of the Levelling Up funding award in October 2021, the project has been subject to a quarterly reporting cycle to the Department of Levelling Up, Housing & Communities (DLUHC). The proposed cashflow forecast, programme and risk management plan outlined in these returns, has consistently reflected a construction programme phased to enable preparatory works to be delivered under a separate contract, with works commencing in May 2023.

## Recommendation(s)

It is recommended that Cabinet:

- 2.1 Accept the tender report recommendation that Vinci Construction undertake this main works package at the contract sum set out in Part B of this report, subject to the agreement of the contract amendments and clarifications.
- 2.2 Delegate finalisation of contract amendments and clarifications to the Director of Law and Governance in consultation with the Executive Director of Place.

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

- 3.1 Approval of the main contract is required in order for the Radcliffe Hub and Market Chambers project to progress to a construction phase. Key considerations within this document have informed both the scope and methodology for carrying out construction works alongside the phasing of the construction programme.

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

- 4.1 **Delay instructing the Main Works Contract:** This would delay the overall Radcliffe Hub completion date by two months as Cabinet approval cannot be sourced in the August cycle. This would increase the period that leisure services would be housed in temporary accommodation within Radcliffe, attracting additional costs. It would also delay occupation of commercial units within the Market Chambers and trading within these refurbished spaces; further disrupting businesses and reducing commercial income to the Council. Furthermore, the delay incurred would erode confidence in the town that the project is being delivered as a key strategic priority for the Council. Any delay to the overall project critical path increases the risk that LUF monies will not be defrayed in line with agreements made between Bury Council and the DLUHC.
- 4.2 The main works scheduled to progress on site on completion of the enabling contract works, thus delay in transition from one package into the other will result in downtime on site and attract additional preliminary costs.

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## Background

- 5.1 As part of the Authority's vision for 2030, we are working collaboratively with our communities to achieve faster growth than the national average alongside lower levels of average deprivation. The 'Let's do it!' strategy focuses on building a better future for our children and young people, promoting inclusion, improving our environment, and delivering improvements in prosperity and quality of life.
- 5.2 In line with this strategy, Radcliffe is at the centre of an unprecedented transformation programme and the area has been identified by Bury Council as a focus area for regeneration and growth over the forthcoming years. In September 2020, a Strategic Regeneration Framework (SRF) was adopted for Radcliffe which set the long-term vision for the regeneration of the town through the delivery of a programme of capital investment projects.
- 5.3 Like many former industrial communities, Radcliffe continues to feel the ongoing effects of economic restructuring. Traditional employment has contracted, and the town has amongst the highest levels of deprivation across the Borough, with significant challenges in relation to employment, skills, and health. In parallel, the growth of convenience and digital retail, and the COVID 19 pandemic, has put considerable pressure on the High Street, which has experienced a sharp decline, impacting on the range and quality of services within Radcliffe town centre.
- 5.4 The SRF was clear in specifying that reversal of this trend, would be reliant upon a strategic approach to diversifying and increasing footfall into the town centre. The masterplan therefore determined that the preferred location for a new Civic Hub, which could act as a catalyst for economic recovery of the High Street, should be in the very heart of Radcliffe town centre and, specifically, identified the site of the existing 1960's precinct (the South Block).
- 5.5 Acquisition of the North and South Blocks, and former TSB bank was completed in 2021, and development proposals for the Hub project were progressed on the basis that these sites would in part, need to be demolished and cleared in order for development to be carried out.
- 5.6 The Radcliffe Civic Hub bid submitted to the Levelling Up Fund presented for consideration, a sustainable town centre new build development, and the refurbishment and repurposing of existing assets in council ownership. The proposed scope of works included preparatory packages to enable development on the identified town centre site.

- 5.7 Creation of a Hub, the refurbishment of the Market Chambers and Radcliffe Market basement space are designed to promote integrated service delivery including access to enhanced leisure, learning and skills provision, complemented by infrastructure to create a supportive environment for enterprise (co-working, incubator) and cultural engagement.
- 5.8 The project proposes significant investment to clear poor quality, obsolete buildings and deliver a high-quality hub as a focus for community leisure, recreation, learning, health and work. New facilities will be designed to exemplar standards of sustainability and inclusive and accessible design, with a focus on flexibility of use and maximising space utilisation.
- 5.9 Diversification of the facilities within the town centre is intended to increase footfall and dwell time, thus supporting the prosperity of new and existing businesses within the core of the town, with a capacity to accommodate future growth. The provision of wet and dry leisure facilities, a library and information centre and community space will be set within a high-quality civic environment, and will act as a focus for wider investment, broadening the appeal of Radcliffe.
- 5.10 The Hub will provide a platform for integrated service provision based on enhanced coordination between teams within the Council, NHS, other public sector partners and local community organisations. Flexible workspace will be open to these teams, supporting referral and joint action to ensure the most challenging groups benefit from Levelling Up.
- 5.11 Refurbished and new build high quality commercial office and retail space will be created within this central campus of buildings, benefitting from an enhanced public realm with improved access to both the piazza, new courtyard and balcony spaces adjacent to the River Irwell, and improved connectivity to public transport and active mode infrastructure.

### **Proposed Development Site**

- 5.12 The development site identified for the Hub project in Radcliffe town centre, includes several assets that will need to be demolished and cleared, and remedial works undertaken, in order for the main construction of the new Radcliffe Hub and refurbishment work to Radcliffe Market and the Market Chambers building to be carried out.
- 5.13 A vacant possession strategy has been successfully implemented to ensure that the South Block and Market Chambers buildings are no longer occupied in order to facilitate demolition and construction activity. Radcliffe Market will remain operational throughout the proposed construction period.

## Programme

- 5.14 **Funding Requirements** – as previously agreed the Memorandum of Understanding with DLUHC regarding Levelling Up Fund (LUF) spend, all monies awarded must be fully defrayed by March 2025. In order to achieve this, cashflow has been forecast against the proposed construction programme. Contracting and subsequent instructions are required to adhere to the timescales and milestones stated within said programme.
- 5.15 **Deliverability and logistics** – the sequencing of the works and the duration of the programme is informed by site surveys and investigations, enabling works, design development, supply chain management, and overarching health and safety requirements; underpinned by industry standards and appropriate methodologies for the delivery of the construction works.
- 5.16 **Value for money** – the phasing of the programme is intended to deliver the project as efficiently as possible; minimise overall duration of the works and reduce the cost of prelims, whilst ensuring quality is not compromised. The principal contractor Vinci Construction was procured through the North West Construction Hub (NWCH) framework, ensuring that the contract was competitively tendered in line with both the Council's contract procedure rules and associated social value principles.
- 5.17 **Minimising operational disruption** – the phasing of works has been planned in such a way as to minimise disruption and mitigate the risk posed by construction work upon Radcliffe Market and traders. Phasing will also enable the Market Chambers building to be completed earlier in the main contract, thus allowing the commercial tenants in these units to commence trading. Moreover, the overarching programme must be delivered in a timely fashion, to ensure minimum service disruption to local residents. Communication to the local residents and other stakeholders will be distributed via the Council's quarterly newsletter, with the next reiteration to be issued in September. Regular updates will be issued to local residents at critical points throughout the course of the construction.

A copy of the proposed main works programme is appended to Part B of this report.

### Enabling works

- 5.18 An enabling works package was agreed at Cabinet in April 2023 to facilitate the delivery of various preparatory works, thus ensuring the site is ready for development. A summary of the works is set out in Part B of this report.
- 5.19 The tender report recommendation for the enabling works package at the contract sum set out in Part B of this report.

## **Main Works**

- 5.20 The main works package is scheduled to progress in line with the delivery of previously approved enabling contract works, with the main contract directly interfacing with enabling activity. A summary of key activities is set out in Part B of this report.
- 5.21 Summary of key milestones is set out in Part B of this report.

## **Tender Process**

- 5.22 As outlined in Pre-Construction Services Agreements (PCSA) previously approved and implemented; the design, the tendering process and subcontractor procurement has been managed by Vinci Construction through this period. Vinci have engaged with their supply chain and have tendered each package accordingly. The package returns are deemed to have been initially analysed and verified compliant with works information by Vinci, with the most appropriate return based on commercial and qualitative aspects being proposed to form component costs within their Stage 2 tender return figure and Contract Sum Analysis (CSA) figure.
- 5.23 The Council's consultant cost advisors Gardiner and Theobald (G&T) have analysed each package and issued queries accordingly before providing a recommendation on the commercial submission. A copy of the tender report is set out in Part B of this report.

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

- 6.1 The regeneration of Radcliffe 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 Hub project is fully aligned with this vision. A detailed economic value analysis, and synergistic strategic case was included as part of the LUF bid.
- 6.2 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. Major capital construction projects offer a significant opportunity to support local economic recovery and deliver tangible social value. In partnership with our selected contractors and development partners, Community Hub manager and council service leads, the project team will be seeking to support job creation, the implementation of apprenticeships, skill enhancement programmes and placement opportunities with local education providers. Wherever possible, we will seek to utilise a

local supply chain for labour, services, and materials. Moreover, our construction contracts will reflect within agreed KPIs, active engagement with and support for, a wide range of community based and charitably supported projects and programmes at a local level. A social value plan is being developed to ensure that every opportunity to deliver benefits to the local community are identified and brought forward.

- 6.3 The regeneration proposals will also support national policy objectives relating to the 'Levelling Up' agenda. The Council submitted a bid to round one of the Levelling Up Fund bidding processes and was successful in securing £20m for the delivery of the Radcliffe Hub. This was supplemented with match funding from Bury Council via its capital programme.
- 6.4 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 Radcliffe.

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### **Equality Impact and Considerations:**

- 7.1 An Equality Impact Assessment was carried out in November of 2022 (see appendix 3) and identified the following:
- The Radcliffe Civic Hub scheme will be an inclusive space that aims to be open and accessible to all.
  - The scheme aims to support the inclusion of those who share any of Bury Council's recognised protected characteristics. In particular, as a Levelling Up scheme, it aims to support those who are socio-economically disadvantaged and to celebrate Radcliffe's cultural diversity.
  - The design philosophy that underpins the Radcliffe Civic Hub scheme aims to provide inclusive resources and spaces for those with protected characteristics. We aim to make this implicit, rather than explicit, in design. They should be natural to use and not draw unnecessary attention to protected characteristics.
- 7.2 Diversions to pedestrian routes have been reviewed with appropriate consultees in relation to the safe management of the highway, and ensuring safe access is maintained for all visitors to the town centre. This includes footpaths, dropped curbs, tactile paving, crossings and parking and loading bays. Proposals have been shared with Bury Blind Society and Access All Areas for review and comment.

- 7.3 The operator of Radcliffe Market has been engaged in design development, programming and management of the proposed temporary works. This includes risk assessment and agreed mitigation, relating to the restriction of access due to hoarding locations, and maintaining safe and accessible routes; including lighting, dropped curbs, tactile paving and drop off bays.
- 7.4 Works will be continuously monitored against pre-construction information outlined in the Construction Design Management (CDM) construction phase plan and Risk Assessment Method Statements (RAMS) updated accordingly.

### **Environmental Impact and Considerations:**

- 8.1 Extensive ecological surveys and impact assessments have been carried out in association with the proposed works.
- 8.2 It is anticipated that there will be some recovery of materials from site, but also that some excavated materials will be unsuitable for re-use (contaminated soils / cohesive soils/ saturated soils) and will need to be removed from site. There will be an import of fill material required to make up levels.
- 8.3 Any reuse of materials generated on the site will be subject to a Materials Management Plan (MMP) prepared in accordance with the Definition of Waste Code of Practice (DoWCoP) and CL:AIRE protocols. This will need to be submitted to the Environment Agency by a nominated Qualified Person (QP). Monitoring during the works will be required and a validation document prepared upon completion. Vinci have included within their tender submission, allowances for the preparation, monitoring and discharge of the MMP, in connection with these works.
- 8.4 The wider project is being designed to ensure that the Hub building is carbon neutral in operation and is to a BREEAM Excellent standard.

### **Assessment and Mitigation of Risk:**

#### **Risks**

- 9.1 The following risks have been identified for action by the project team. Risk mitigation strategy is also illustrated below.

| <b>Risk issues</b>   | <b>Management Strategy/ Mitigation</b>   |
|--|--|
| <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<br>Effective project management structures. |



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| <b>Catastrophe risk</b> – inherently unpredictable events – Covid, Brexit  | Appropriate contingency provision in programming and budget.   |
| <b>Regulatory risk</b> – changes in laws and regulations<br>New planning bill - new design standards<br>New building regs          | Appropriate standard and negotiated clauses in the contract document (NEC 3 short form).<br><br>Risk apportionment<br>Ongoing proactive approach to risk management  |
| <b>Delivery Risks</b>  |  |
| <b>Site conditions</b> – risk that adverse / unforeseen site conditions result in cost increases                                   | Site investigations – full SI report<br>Appropriate cost planning and contractor engagement<br>Form of contract / warranties etc   |
| <b>Build risk</b> – risk associated with contractor management / underperformance / site characteristics                           | Effective contract management following the Government Construction Strategy involving:<br>Form of contract – NEC 3 short form<br>Soft-landing provisions - Operational led design<br>Contract retentions  |
| <b>Supplier risk</b> – availability of expert contractors for site clearance and specialist activities; risk of contractor failure | Procurement strategy<br>Due diligence – transfer risk to main contractor<br>Contracting – risk transfer<br>Local labour vs established operators   |
| <b>Programme risk – LUF bid requirements</b>   |  |
| <b>Permissions</b> – risk that delays in securing planning, building regs and highways approvals impacts on programme              | SRF establishes principle.<br>Early engagement – pre-application<br>Ensure planning strategy aligned with delivery strategy – phasing of applications.<br>Managing statutory consultees<br>Minimise pre-commencement conditions  |
| <b>Procurement</b> – the risk that strategy results in delays / impacts on objectives  | Procurement strategy - work packages<br>Form of contract – NEC programme is part of contract pack.<br>D&B approach.<br>Use of frameworks.<br>Early engagement with contractor.<br>Phasing plan – staged approach.  |
| <b>Financial risk</b>  |  |
| <b>Project costs</b> – risk that capital costs increase above projections  | Carry out investigations and site surveys.<br>Procure expert advice via consultant team.<br>Contingency and Optimism Bias allowance, including appropriate sums for inflation.<br>Risk allocation to contractor (as stipulated in the contract)<br>Monitoring of works progress via TAs and Clerk of works, and maintaining contractor relationship<br>Manage iterative value engineering through RIBA Stages<br>Project budget oversight and management via internal and external governance structures |

## Opportunities

9.2 The opportunities been identified by the project team which are is set out in Part B of this report.

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## Legal Implications:

10.1 The tender process has been undertaken and the subcontractor procurement managed by Vinci on behalf of the Authority, Members are asked to note that that this is a two stage process as set out in Appendix 1 of the part B report. The totality of costs under this mechanism is not fixed and therefore part of the costs will be subject to inflationary pressures, the methodology for managing these risks are set out in the report.

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## Financial Implications:

- 11.1 The Council currently has a value of £44.436m included within its capital programme for the life of this project, £20m of which is the LUF funding the balance to be funded from the Council. This excludes the further £2m anticipated as a grant from Sport England and the £1.125m that was approved at 2023/24 budget setting for fixtures and fittings once the hub build is complete.
- 11.2 The project costs and scope have increased significantly from the original LUF bid of £41.21m.
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## Appendices:

- Appendix 1 – Radcliffe Hub Project – Tender Report
  - Appendix 2 – Radcliffe Hub Project – Main Work Programme
  - Appendix 3 – Radcliffe Hub Project – Equality Impact Assessment
  - Appendix 4 – General Arrangement Drawings
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## Background papers:

Radcliffe Hub Enabling Works Cabinet Report PART A

Radcliffe Hub Enabling Works Cabinet Report PART B

| Term | Meaning           |
|------|-------------------|
| LUF  | Levelling Up Fund |

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|---------------------------|---|
| DLUHC                     | Department of Levelling up, Housing and Communities   |
| NWCH                      | Northwest Construction Hub – GM region-based procurement framework  |
| MOU                       | Memorandum of Understanding   |
| 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.   |
| Two-Stage D&B procurement | Two stage-tendering is a way of procuring goods or services that involves two-stages of appointment. In Two-stage tendering, the tenderer is initially appointed under a PCSA to carry out limited works, usually design, surveys and investigations. The second stage involves submission of a tender price (offer to undertake the works) culminating, the completed RIBA stage 4 (Detailed) design and market tested subcontractor packages. |
| NEC                       | New Engineering Contract – a commonly used form of contract for construction works  |
| 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   |
| RIBA Stage 4 Design       | Technical design - This stage is where we produce the detailed architectural and engineering designs and specifications ready for tendering, submission to building control and construction. Building systems are finalised, a detailed design programme produced, and all technical information prepared.   |
| BREEAM                    | Building Research Establishment Environment Assessment Method – a methodology for assessing, rating, and certifying the sustainability of buildings.  |
| 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.   |
| Piling                    | Piling is the process of inserting structural piles into the ground that will become the base of the building. Piles are required where soil and earth are performing poorly and are used to spread the load of a building and firm the ground.   |
| Provisional Sum           | An allowance (or estimate), that is inserted into tender documents for a specific element of the works that is not yet defined in enough detail for tenderers to accurately price   |
| RAMS                      | Risk Assessment and Method Statement – utilised to identify hazards, assess the impact and likelihood of risks occurring and outline appropriate management and mitigation methodologies  |
| CDM                       | Construction Design Management Regulations 2015 – ensure projects are effectively delivered by  |

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|                                 | competent persons, with clearly defined roles and robustly managed health and safety planning and protocols  |
| DoW CoP                         | Definition of Waste Code of Practice - provides a clear, consistent and efficient process which enables the reuse of excavated materials on-site or their movement between sites   |
| Site Surveys                    | A site survey is an essential part of any project planning process. It involves visiting the site where the project will take place and making observations about potential hazards, physical features, access points, and other vital information that can help shape the success of a project. An example may be surveying for asbestos materials, ascertaining the extent and route of existing services. |
| Enabling Works                  | Enabling works are the preparation of a site in readiness for the first stage of development. Examples include installing perimeter fencing, installing site cabins, scaffolding, carrying out ground clearance, building access routes and putting up safety signage. Enabling works may also include preliminary construction work, such as groundworks or demolition.                                     |
| Preliminaries Costs             | The cost of the site-specific overheads of any given project. They are the costs that are directly related to the running of the project that are not accounted for under labour or material. Would normally involve such items as hired equipment, services, demobilisation, site accommodation, etc.   |
| Materials Management Plan (MMP) | A Materials Management Plan (MMP) is a legal requirement, and is a mechanism by which those who are developing a site can comply with Environment Agency regulations for excavated ground materials. The reuse of this material can give significant environmental benefits, such as reducing resource consumption, as well as financial benefits, such as lower disposal and purchasing costs.              |