

PROCUREMENT STRATEGY

WORDEN HALL | LEYLAND



DECEMBER 2020



## Contents

<b>1.0</b>	<b>Introduction and Background</b>	<b>1</b>
<b>2.0</b>	<b>Key Project Drivers</b>	<b>2</b>
<b>3.0</b>	<b>Recommendations and Proposals</b>	<b>3</b>
<b>4.0</b>	<b>Design Team and Contractor Selection</b>	<b>5</b>
<b>5.0</b>	<b>Alternative Options Considered</b>	<b>7</b>
<b>6.0</b>	<b>Risk Register</b>	<b>10</b>
<b>7.0</b>	<b>Programme</b>	<b>11</b>
<b>8.0</b>	<b>Summary</b>	<b>12</b>

## Appendices

Appendix 1: Programme

## Version Control

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## **1.0 Introduction and Background**

**Gosling Construction Services** are a Leyland based firm of Project Managers and Construction Cost Consultants, operating predominantly in the North West region.

Gosling Construction Services have been engaged by South Ribble Borough Council to produce a Procurement Strategy Report for the Worden Hall scheme, leading to the appointment of a construction contractor.

In producing the report we have reviewed the current status of the design and any procurement arrangements undertaken thus far. The report has taken into consideration the Client's requirements and all information produced in the Stage 1 report completed in January 2020, and the Stage 3 drawing pack issued in December 2020.

The report outlines the procurement options available and identifies the risks and opportunities associated with each. We have reviewed the programme implications of the various design and procurement channels with a view to recommending the best solution to deliver the scheme ahead of the Leyland Festival in 2022.

### **Project Objectives**

Further to preliminary conversations and the initial outline brief from the Client, it is clear there are three simple project objectives. These are:

1. *The project will be delivered within the fixed budget (£2.172m)*
2. *The project will be completed ahead of the Leyland Festival in 2022*
3. *A prompt start on site is to be achieved as early as possible in 2021*

### **Project Background**

An extensive public consultation process has been successful in engaging the local community and various stakeholders. This resulted in the development of the 'Enhanced Community Option' which has formed the basis of the Stage 3 Drawing Pack and the Planning submission. Purcell Architects have been employed to this point and completed the design up to RIBA stage 3. We understand that the Planning application has now been submitted (Ref: 07/2020/01064/FUL).

### **Briefings**

GCSL have received a preliminary briefing from Rachel Salter. At this stage we were issued with the Purcell documents (Stage 1 Report and Stage 3 Drawing Pack) and held some internal strategy meetings. We have been able to safely arrange a site visit and met with Lee Nickson (SRBC Programme Manager).

### **Preliminary SRBC programme**

We have received a schedule of dates from SRBC which represent the latest programme discussed with Purcell. These are in the process of being revisited and a new programme will be developed and issued in due course.

## 2.0 Key Project Drivers

We have identified a number of key project drivers that have influenced the strategy:

**Risk** - It is critical to the success of the project that the risk profile is balanced fairly and appropriately between the Client and the Contractor. The nature of refurbishment, alteration, and extension of period facilities such as Worden Hall is inherently risky. Whilst it is important to shield the Client from excessive risk, it is unrealistic to shift all the burden on to the Contractor without paying a significant and unnecessary premium.

**Quality** – The completed scheme will re-establish Worden Hall as an important asset for the Client and the local community. Traditional construction skills, an attention to detail, the experience to develop solutions as work progresses are essential capabilities for an appropriate Contractor to have for this type of work. We feel the scheme would benefit from the appointment of a locally based regional Contractor. The right construction partner would look to adopt a collaborative approach whilst investing the adequate levels of supervision required to service the project.

**Delivery** – Meeting the three Primary Objectives cannot be overstated.

1. The project will be delivered within the fixed budget - **COST**
2. The project will be completed ahead of the Leyland Festival in 2022 - **DELIVERY**
3. A prompt start on site is to be achieved as early as possible in 2021 – **EARLY START**

Not all commonplace procurement routes or forms of contract can automatically deliver these. Only by finding the most effective way to review and appoint the Consultants, utilising a procurement route to enable the right Contractor to fully collaborate with the Client, and mobilising as much survey and site investigation works at the earliest opportunity, can we deliver the primary objectives.

**Local Impact** – The construction project will be carried out in the heart of Worden Park over a protracted period and will inevitably compromise access and certain facilities. The Contractor selection process will need to carefully consider how they approach the works to minimise any impact. We will need to find a Contractor who will ‘connect’ with the scheme. The project has huge value for all involved in delivering a successful outcome.

**Operations/Logistics** – We need to fully understand any operational commitments that have been made, arrangements with existing tenants, and any temporary relocations that may be necessary. The project team can then fully design a logistics plan at tender stage to be agreed with all stakeholders. This will enable the successful Contractor to operate the site maintaining the agreed operational requirements, enabling them to fully focus on the construction challenges.

## **3.0 Recommendations and Proposals**

### **Procurement Options**

In terms of the design and procurement process we have considered the following options:

- Traditional
- Design and Build
- Target Cost
- 2 Stage Tender

The relative merits and compromises of these options are described in Section 5.0 of this report.

### **Advanced Works**

In order to address the design risks associated with the scheme, we strongly recommend the commissioning of an ‘Advanced’ or ‘Enabling Works’ package ahead of the main contract. This will significantly reduce the risk for all parties. The works should include:

- Internal strip out
- Demolition
- Phase 2 Site Investigation (SI) Survey
- Intrusive Structural Review
- Building Services Review – Incoming Services Infrastructure/Application Process
- Full Refurbishment & Demolition Asbestos Survey

### **Proposal**

After careful consideration of the key project drivers we propose that a Traditional procurement route adopting a single stage tender process and utilising a Traditional Form of Contract, is the most appropriate way forward. The Traditional option requires the Design Team and Consultants to be employed by the Client. The design team will complete the design to RIBA Stage 4 and a Bill of Quantities will be produced alongside all the necessary Contract documents.

This option provides the following major benefits:

- Risk – The Traditional procurement route provides significant risk mitigation for the Client. The detailed design process managed by the Client’s team naturally provides the due diligence necessary to produce a quality design pack. As such the risk is effectively designed out to minimum/acceptable levels.
- Design – The design process is controlled by the Client and this enables some flexibility and influence for the Client’s team.
- Cost – Traditional tender exercises provide high levels of project information to enable good quality bid submissions without excessive qualifications or loading of risk. The appraisal of bids is straightforward and due to the quality of the tender documentation. Fair competition naturally creates value from the market.
- Flexibility – the works can be implemented in sections or phases offering the Client more options.

## **Nature of the Works**

The works comprise numerous buildings, components and elements of structure to be opened up, demolished, altered and refurbished. The complex, fragmented nature of the works requires sufficient time to be afforded to produce a thorough, compliant design to provide the opportunity for the works to be executed effectively, and to the required quality standards.

The investment of time at this early stage will pay dividends to facilitate successful implementation. Whilst the traditional procurement route may yield a later start on site date, this process can be managed in parallel with the ‘Advanced Works’. The value of the learnings from the Advanced Works can be fed directly into the design process, as both elements will be under direct control of the Client.

## **Recommended Next Steps**

We recommend that a number of steps are taken as quickly as possible to support the primary objective to mobilise the start on site at the earliest sensible opportunity. These include:

1. Appointment of a procurement management consultant
2. Scope out and mobilise the ‘Advanced Works’ package (as described above) in order to establish as much information as possible to feed into the design and tender process.
3. Review the status of the relationship with Purcell to further understand their performance on the project thus far. A meeting at the earliest opportunity to hold an honest discussion about their position is essential.
4. Review the fee proposals currently in place with a view to potentially appointing an alternative design team.
5. Review framework options for Contractor selection.
6. Develop and agree logistics plans with operational stakeholders and review all existing pre-construction information and identify any further information required.

Once the Consultant review process has been completed it is imperative the design development phase is undertaken as promptly as possible to enable the tender process to be managed via the Traditional route.

The Design Team and Contractor selection process is described in more detail in Section 4.0.

## **4.0 Design Team and Contractor Selection**

### **Design Team Review**

We have been asked to consider the option of changing the Architect following the submission of the Planning application. Whilst there may be some concern about the performance of Purcell, particularly regarding their fee levels, it is worth identifying that a lot of work has already been done to this point. It is not uncommon that an Architect may be changed at this stage (post Planning), and there are often good reasons to utilise a Consultant with better skills during the project delivery phase.

We have made enquiries with four different Architects to understand the appetite in the market to take on the scheme following the completion of the Stage 3 design and Planning submission. All four provided a positive response.

We do believe there will be some inertia in the programme as a consequence of the transition, should a new appointment be made. Time will inevitably be taken up in the procurement and approval process for the appointment itself. Once on board the new team will need time to catch up. Again, this is not unusual but comes at a time when we are trying to achieve one of our key drivers, a start on site in early 2021. The new consultants will also require sufficient time to review the work previously carried out to Stage 3, in order to satisfy their own due diligence requirements.

As mentioned above we need to meet with Purcell at the earliest opportunity to review their current approach and revisit the project objectives with them in detail. We will need to identify their current capability and motivation, and quickly decide whether the option to change Architect, with the associated time impacts, is the right course of action. This needs to take place w/c 4<sup>th</sup> Jan 2021.

If the decision to appoint a new Architect is agreed, we will develop a fee proposal/enquiry from a select tender list using the Chest. The preparation of the documentation and any other work required can take place in parallel with the review with Purcell during w/c 4<sup>th</sup> Jan 2021. This exercise needs to happen regardless of any potential change as we do not have any information for the scope of works beyond Stage 3. It is worth reiterating that ideally the incumbent design team would continue as there are many benefits for this approach, given the knowledge and experience of the scheme that they have.

The tender process for the design services should be relatively quick and it is hoped we could appoint a new Design Team by the end of January. This strategy assumes that no EMD process is required to assist with speeding up the process. The same approach for the Architect can be adopted with the Structural Engineer and MEP Consultant.

### **Contractor Selection**

We recommend that a competitive tender process is used, through an appropriate compliant procurement framework, to facilitate the selection of a Contractor. The use of a framework means that a qualitative assessment has already been established by the framework application process. In parallel to the Consultant selection, we suggest that we carry out some early Contractor engagement via a formal Expression of Interest process, which should be quick to mobilise early in the New Year.

Avoiding an open tender arrangement is important as it is likely that we may receive an extensive response from the market. The appraisal, moderation and challenge process could well be lengthy and an unnecessary distraction and may result in a wide variation in quality of the submissions.

As such the framework route is the most effective route in supporting an early start on site. In this way the work is focused in dealing with an established group of capable Contractors that are known to us and will have an appetite for the scheme.

### **Framework Options**

The table below shows the most appropriate framework options available.

<b>Framework</b>	<b>Value Band</b>	<b>Lot</b>	<b>Contractors</b>	<b>Award Options</b>
North West Construction Hub	£500k-£3m	1	Conlon, Engie, Eric Wright, John Turner, Kier, Manchester & Cheshire, Warden	2 stage only
Procure NW	£1m-£5m	NW	Casey, Crossfield, Eric Wright, ESH Build, Henry Boot, Seddon, Whitfield & Brown	Single stage; 2 stage; Direct
Pagabo	£1m-£5m	2 Lancs	Conlon, Engie, Esh Construction, Interserve, Morgan Sindall, Robertson, Seddon, Casey, Carefoot	Single stage; 2 stage; Direct
Rise	£50k-£4m	Band 1	Ashlar, Carefoot, City Build, F Parkinson, John Turner, Manchester & Cheshire, Skyline, Casey	Single stage; 2 stage; Direct

Whilst the North West Construction Hub perhaps has the best mix of Contractors, unfortunately they only support 2 stage tender options. As such the Rise framework may be considered most appropriate.

### **Quality/Cost Assessment**

The quality assessments are very important given the sensitive and specialist nature of the project. The proposed scoring criteria are proposed as follows:

*Design Services*                  60% Cost  
    40% Quality

*Contractor*                          70% Cost  
    30% Quality

## 5.0 Alternative Options Considered

### Design and Build

The main characteristic of Design & Build (D&B) is that the design team are employed by the Contractor. As a consequence the Client loses control and influence over the design process. Design & Build is more appropriate where a strong performance specification or a clear set of Employer's Requirements have been produced. For heritage and refurbishment projects such as the Worden Hall scheme, this is very difficult to achieve.

The lack of certainty regarding the design information dictates that Contractors have to factor the risk into their bids. With Design & Build the risk is priced in whereas with the Traditional route the risk is designed out.

The nature of the works will also mean that the tender bids under the Design & Build form will be heavily qualified by the bidding Contractors. The quality and compliance of the Contractors Proposals (CP's) submissions will also be limited. In addition it will not be feasible to implement the Advanced Works package in parallel to the Design & Build format as the Contractor will be undertaking a lot of these arrangements directly. At the time of tender the benefit and such learnings from the Advanced Works elements will not be available to the bidders, and consequently a premium will be paid by the Client.

An option to mitigate this could be to develop the design directly to RIBA Stage 4 and issue Invitations to Tender on a D&B basis at that point. This option would allow the advanced works to proceed and the design to be developed to a stage where the Clients specific requirements have been accommodated. There are still compromises with this option, compared with a traditional route:

- The interest in the market is not strong for single stage D&D tenders, particularly refurbishment type work
- The control over the design, albeit at a later stage, is passed to the Contractor
- The facility to vary the works is more difficult in a D&B form than traditional
- The control over the quality of the work is not as robust as under a tradition form

The preliminary consultation with potential Architects has included a brief discussion regarding the procurement route. All strongly advised against the Design & Build option for the scheme and adopting this route may provide some reluctance from the design team to fully engage with such a strategy. Equally, the Design & Build option will create some reluctance in the marketplace in terms of attracting quality Contractors to the scheme. Contractor engagement is recommended as soon as possible.

The above points make it difficult to support the Design & Build option. Whilst the works may be mobilised more quickly, the design management risks and the premiums associated with Contractors pricing the risk into their bids means we advise against this option. There is a substantial risk of not achieving the primary objective of delivering the budget with Design & Build.

### Target Cost

The Target Cost option is a collaborative approach between the Client and the Contractor. A target cost schedule is produced with savings and risks equally shared between the two parties. A relatively simple mechanism can be created and agreed to support both sides. Essentially the Contractor will price less risk into their bid and the Client does not benefit from the security of a fixed contract sum. This format is not widely utilised in the market place but can be beneficial when formal partnerships or alliances are formed, which may be not appropriate for a local authority Client.

The Target Cost option has been ruled out simply because the Client's headline budget figure is not protected and as such we may not achieve the primary objective to securely deliver the budget.

## **2 Stage Tender**

A 2 stage tender process provides some benefits to the design development phase. However, the appointed Contractor is placed in a stronger negotiating position for the second stage. Initially a competitive first stage tender process is conducted to appoint a Contractor based on a cost plan and a fixed bid for prelims costs and overheads and profit margins (OH&P).

A pre-construction services agreement (PCSA) is utilised to enable the Contractor to support the Client in the design development phase. The Client retains control over the design process and the arrangement is collaborative. The Client also needs to commit to a Contractor at a relatively early stage.

The 2 stage tender process is certainly preferred by Contractors and whilst this shouldn't be a reason not to adopt it, the risk remains with the Client for a prolonged period. The lack of cost certainty until the end of the second stage is such that Client may only discover issues with an overheating budget during the latter stages of the process. The Client also runs the risk of incurring potential abortive costs. Again, for the reasons of delivering cost certainty and budget security we have discounted this option.

The table below illustrates the benefits and risks associated with the four procurement options.

	<b>Benefits / Opportunities</b>	<b>Risks / Costs</b>
<b>Traditional</b>	Design control retained by Client Risk designed out Compliance assured Structural rigour Suits refurbishment projects Cost certainty Supported by Design Team BOQ visibility Transparency of value Phasing flexibility	Slow start Market appetite?
<b>Design &amp; Build</b>	Fixed cost Client risk reduced Early stage tender process	Significant project risk Risk premium paid by Client Design development rushed Client design control reduced Compliance/rigour reduced Quality compromised Not supported by Design Team Lack of flexibility Contractor performance limited Lack of interest in market Advanced Works eliminated Contractor's Proposals not definitive
<b>Target Cost</b>	Collaborative Design control retained by Client Risk shared	Cost certainty not achieved Partnership arrangements unclear

<b>2 Stage Tender</b>	Collaborative Design control retained by Client	PCSA process required Early commitment required Cost certainty delayed Final cost plan not understood until end of Stage 2 Potential abortive costs Slow
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## 6.0 Risk Register

We have identified a number of risks at this preliminary stage of the project. They are outlined in the Risk Register below:

Risk	RAG Rating Likelihood	RAG Rating Impact	Management Action
<b>Primary Objectives</b>			
Overall budget exceeded	Med	High	Adopt procurement strategy that provides high levels of cost certainty whilst maintaining value
Completion by Leyland Festival 2022 not achieved	Med	High	Detailed programme analysis required
Prompt start on site not achieved	Med	Med	Mobilise 'Advanced Works'
<b>Contractor Selection/Tender</b>			
Failure to secure a Contractor	Med	High	Early engagement through appropriate framework and assess interest via Expression of Interest (EOI) process
Failure to prepare robust tender documents which accurately identify the requirements of the scheme	Low	High	Early appointment of PM/QS to ensure robust challenge of contract documents prior to issue
<b>Architect Performance</b>			
Continue with Purcell?	Med	High	Arrange review meeting with Purcell team – Urgent
Appoint new Architect following decision to change consultants	Med	Med	Engagement process has identified interest in the market. Inertia and catch up required.
<b>Site Investigation and Survey Information</b>			
Intrusive survey information insufficient	High	High	Mobilise 'Advanced Works'
Existing SI not extensive enough	High	High	Mobilise 'Advanced Works'
<b>Client Matters</b>			
Design sign off	Low	Low	Consultation process has adopted 'Enhanced Community Option'
Tenant/existing operator issues	Low	Low	Develop agreed logistics plan for site operations
Accuracy of initial cost plan	Med	High	Early revisit of SRBC cost plan required in conjunction with Advanced Works
Variation risk	Med	Med	Traditional procurement route will mitigate this

## 7.0 Programme

The requirements of Traditional and Design & Build procurement routes are sequenced differently whilst ultimately delivering the same programme.

### Traditional

This option starts with a full design exercise closely co-ordinated with the preparation of the Bills of Quantities and the Tender documents. This can take place in parallel to the Advanced Works as discussed earlier in the report. The Advanced Works will be tendered separately and could potentially start on site in mid-March. The Advanced Works also provide a head start in terms of the quantity/value of works completed and deliver the early start on site. It is hoped the tender review and approvals procedures can be managed quickly and the successful contractor given as much notice as possible to mobilise during the call-in period. As the design is complete and the Advanced Works have been fed into the design process, the Contractor has the best chance of a sensible, co-ordinated start on site in early August. This leaves a period of 46 weeks remaining until mid-June 2022 (Festival dates not available at this stage).

### Design & Build

Ultimately the only programme benefit with the Design & Build option is the opportunity to issue Invitations to Tender at an earlier stage. The same review and approval processes are required and could be argued more time consuming in checking compliant Contractor's Proposals. Once appointed (which may be as early as 21<sup>st</sup> June) the Contractor then has to carry out their design to Stage 4, which will be no different than as with the Traditional route under the Client's team. The Contractor will be able to start on site at a similar time as with the Traditional route, however the design will be around 60-70% complete at this stage, thus generating avoidable risk. The opportunity to benefit from the Advanced Works will have been lost.

A detailed (provisional) programme has been included with this report, the key dates are shown below.

### Key Dates

	Start	Finish
Review with Purcell	04/01/21	-
Design appointments agreed	25/01/21	-
Advanced Works	22/03/21	16/04/21

### Traditional Route

Complete design to RIBA stage 4	25/01/21	02/04/21
Complete tender documents	22/03/21	30/04/21
Tender period	03/05/21	11/06/21
Review and SRBC approvals	14/06/21	16/07/21
Contractor appointment	19/07/21	-
Mobilisation	19/07/21	30/07/21
Target start on site	02/08/21	-

### Design & Build Route

Produce tender documents (based on Stage 3)	25/01/21	19/03/21
Tender period	22/03/21	14/05/21
Review and SRBC approvals	17/05/21	18/06/21
Contractor appointment/designer novation	21/06/21	-
Contractor design to Stage 4	21/06/21	27/08/21
Target start on site (design incomplete)	02/08/21	-

## **8.0 Summary**

Further to the initial programme assessment in this case we conclude that there is no programme advantage with the Design & Build route. The risks and costs described in section 5.0 remain and as such we believe the Traditional route is in the best interest for all involved in successfully delivering the project.

Prompt action is required to mobilise the Client's team and the Consultants in order to gain some traction with the project. Consultation with the design team is required to agree the procurement programme, set some targets and get started early in the New Year.

We would conclude our recommendations as follows:

- Mobilise the 'Advanced Works' as quickly as possible.
- Promptly review the Design Team appointments, particularly the Architect's services.
- Select and engage with an appropriate framework and issue Expressions of Interest to define a tender list.
- Adopt the Traditional procurement route retaining design control and providing cost certainty for the Client.
- Once the Design Team has been reviewed develop the detailed design to RIBA Stage 4 and develop contract documents accordingly.
- Appoint a PM / QS Consultant to support the process and develop the tender documents.
- Develop and agree a Logistics plan to consider all operational requirements and stakeholders in the scheme ahead of construction works starting.
- Fully develop a detailed design and procurement programme.

## **APPENDIX ONE**

### **Programmes**