

Report to	On
Council	Wednesday, 21 July 2021



Title	Portfolio Holder	Report of
Worden Hall	Cabinet Member (Planning, Business Support and Regeneration)	Director of Commercial

Is this report confidential?	No
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Purpose of the Report

1. To provide members with a progress update on Worden Hall covering –
 - a. Design Development
 - b. Main Contractor Procurement
 - c. Financials – Budget review
 - d. Delivery Programme
 - e. Next Steps

Recommendations

2. Members are asked to note the progress on project and the delivery programme
3. Members are asked to note the tendered costs as contained in the addendum (to follow)
4. To recommend and approve a preferred option to cover any cost increase on project.

Option 1 – Value Engineer the refurbishment scheme to bring the proposed works back in line with the budget.

Option 2 – Increase the overall project budget in line with the tender return.

5. To note the decision for contract award of the main contractor will be made via Executive Management Decision (EMD) in order to allow the project to progress in line with the delivery programme.

Reasons for recommendations

6. The completed scheme will re-establish Worden Hall as an important asset for the Council and the local community.
7. The extensive repair works will ensure that the building is functional and maintained as a valuable heritage asset.

Other options considered and rejected

8. The Council could choose not to develop Worden Hall. This is not recommended as the Hall has the potential, with investment, to become an attractive asset which is highly valued by the community
9. If the Council chose not to refurbish Worden Hall it is likely that any future repair costs would be significant.
10. The Purcell and Amion report summarised a long list of options as part of a market review undertaken by Cushman and Wakefield on behalf of the Council in 2016 in order to select the three viable options for the financial appraisal. They discounted other options e.g. residential conversion, hotel, cultural attraction, or an independent retail space as being unviable.
11. Feedback from the consultation survey in 2019 indicated that it was important to the public that the Council provided investment into Worden Hall as the status quo or do-nothing option was not acceptable.

Corporate outcomes

12. The report relates to the following corporate priorities: (tick all those applicable):

An exemplary council	✓	Thriving communities	✓
A fair local economy that works for everyone	✓	Good homes, green spaces, healthy places	✓

Background to the report

13. Worden Hall currently comprises of the main hall and a series of out buildings which are used by the South Ribble parks maintenance team and a number of small businesses. The main hall is currently unused except for a small area which is rented to a small café business (Folly Wood café).
14. In June 2018, the Council appointed consultants to undertake a feasibility study and options appraisal into the potential future uses of Worden Hall.
15. The consultant's report reviewed a number of options for the future use of the Hall which included looking at the investment costs of each option and the on-going revenue cost to the Council.
16. Only three options were considered viable and these formed the basis of the public consultation exercise. The three options included: 1. Community Use 2. A Small Wedding/Events Venue 3. An Exclusive Wedding/Events Venue
17. An extensive consultation exercise was undertaken from 19 August 2019 – 13 September 2019 with the public and key stakeholders to seek opinions on the future use of Worden Hall. This resulted in over 500 responses to the consultation survey. The preferred option was to deliver a hybrid facility that would deliver both community use and event space.
18. The outcome from the consultation was presented to Executive Cabinet on 16/10/2019 with the decision made to progress further detailed modelling and appraisal on the preferred option.
19. The preferred option was developed to RIBA Stage 3
20. A procurement strategy was approved by Members in January 2021 to procure a design team through a competitive tendering exercise to deliver the remaining design works and to procure a contractor through a compliant framework.

21. A new design team was appointed by March 2021 to progress the design (RIBA Stage 4) to allow a tender package to be issued to the Contractors for pricing and to allow refurbishment works to commence in August 2021. A package of enabling works was being developed to allow for an earlier start on site.
22. Planning approval for the scheme was granted 04 March 2021
23. The tender package for the main contractor was formalised May 21 with the Invitation To Tender issued on the 2nd June 2021, running a 5-week procurement process, with all tenders to be received by 19th July 2021

Design Review / Financial Impact

24. The developed design has been reviewed as part of the initial ongoing design works to ensure that the design meets the required aspirations and that any value engineering opportunities have been realised. This review has presented some opportunities, which are being explored as part of the design process. These opportunities are summarised below

- Make more efficient use of the café space which will maximise seating areas.
- To move the events kitchen to the ground floor, which will reduce the need for structural strengthening work.
- To re-use the existing piles of the conservatory to be demolished which will reduce foundation costs for the construction of the new courtyard.

25. The Design Review has identified some additional areas of work that were not included in the original scheme, and therefore the original scheme budget, such as additional repairs to the roof. These items relate in the main to backlog maintenance issues and Officers are reviewing the availability of asset maintenance and other works budgets to meet these costs.

26. It is important to note that until the tendered costs are received from the contractors on Monday 19th July 2021, the actual costs of the scheme is not known at this stage. The current approved budget is £2,170,000.

****A summary of the costs from the procurement exercise will be included as an addendum to this report in time for members to review at the meeting****

27. It is identified that the construction market is extremely volatile at the moment with known issues around the logistical challenges, supply chain issues and shortage of materials facing the construction industry which has seen prices increase significantly. This presents a key risk.

28. Members are requested to make a decision with regards to addressing the funding gap by way of
- a) Option 1 - Undertaking a further value engineering exercise to bring the costs down to within budget
 - b) Option 2 - Members agree to commit to additional funding to secure the funding gap.

If the tender return comes in above budget, members will have to make a decision to address the funding gap and select the preferred option from Option 1 and 2.

29. The pros and cons of each option are provided below:

Option 1 – Value Engineering of the scheme		Option 2 – Offset Increased costs using alternative budget	
Pros	Cons	Pros	Cons
Reduced requirement to use another budget	No guarantees that costs can be reduced significantly	Full delivery of the community scheme can be achieved.	Works proposed for the wider Worden Park would have to be delayed to accommodate the refurbishment works.
	Revisiting the design would delay the delivery date – a completion date of June 2022 would not be achieved	Significant repairs will be undertaken on the building, reducing the cost of planned and reactive maintenance in future years.	
	Value engineering has already been completed as part of the design process		
	Some building maintenance may be delayed which would be required at a future date. This could put the future integrity of the building at risk		

Main Contractor Procurement / Delivery Programme

30. Following approval of the procurement strategy for the main contractor, 4 of the most appropriate frameworks were identified, out of which the RISE framework was selected as the most advantageous with a traditional procurement route preferred.
31. Expressions of Interest were invited with a total number of 5 contractors identified to Invite to Tender.
32. The programme is detailed below

Stage Date(s)/time	
Issue of Invitation to Tender	2nd June 2021
Deadline for submission of Clarification Questions	5pm 18th June 2021
Deadline for publication of responses to Clarification Questions	5pm 23rd June 2021
Deadline for Submission of Tenders	12 Noon 19 July 2021
Evaluation of Tenders	23 July 2021
Notification of result of evaluation	06 August 2021
Expected date of award of Contract	16 August 2021
Contract commencement	23 August 2021
Planned Completion	27th May 2022

33. Contract period of 44 weeks has been identified to allow for timely completion before the Leyland Festival in the summer of 2022.

****A summary of the outcome from the procurement exercise will be included as an addendum to this report in time for members to review at the meeting****

34. In order to meet the timescales on the delivery programme it is identified that a decision to award to appoint and award the contract to the main contractor will need to take place relatively quickly following the tender evaluation process and therefore it is put forward that the decision to award the contract is delegated to the Executive member.

Future Operation of Worden Hall

35. With the programmed completion date of June 2022 consideration needs to be given to the future operations of the facility.
36. It is currently expected that the tenants of the current operational Folly Wood Café will relocate into the new café facility (subject to agreement of terms).
37. A staffing review to bring together the management and operation of South Ribble Museum and Exhibition Centre and Worden Hall as part of a shared service that will also manage Astley Hall, in Chorley, is currently out to consultation with staff and due to be in place from 1 October, subject to member approval.
38. Agreeing the operational arrangements is programme critical to ensure that the facility is ready to accept bookings from June 2022.
39. It was identified to progress the development of the revenue model assuming that the facility will be run by South Ribble staff (with the exception of the café). The revenue model is being developed on this basis.

Next Steps

40. Conclude main contractor procurement
41. Progress the award/appointment of the main contractor
42. Review asset management budgets
43. Develop a delivery plan subject to member decision on preferred option to cover cost increase.

Risk

44. Failing to secure contractor
45. Tenders received coming in above estimated budget / latest cost plan
46. Completion by Leyland Festival 2022
47. Budget approval / Additional VE impact on programme
48. Sign off on the operational delivery plan
49. Failure to recruit operational staff

Equality and diversity

50. Considered as part of the design development

Air quality implications

51. Considered as part of the design development

Comments of the Statutory Finance Officer

52. The design review has identified additional backlog maintenance works, e.g. further roof repairs, that were not included in the original scheme and scheme budget of £2.170 million. The scheme costs, including the costs of the additional backlog

maintenance work, will be refined on receipt of the tendered costs from the contractors on 19th July 2021; a summary of the tenders and costs will be presented to the Cabinet meeting on 21st July as an addendum to the agenda item and will include any impact on the current scheme budget.

Comments of the Monitoring Officer

53. The procurement exercises are being undertaken in accordance with the approved procurement strategy. The Executive Member Decision referenced at paragraph 5 of the report must not be taken until after the recommendation at paragraph 4 is approved.
54. Whilst it is unusual for a report to be issued with information to follow, it is appropriate in this case. The uncertainty in the budget position has been explained in the body of the report and any request to increase the budget will be as a result of higher than expected contractor costs. It will be for council to either accept the costs the contractors have indicated in the procurement exercise and therefore increase the budget if necessary or not. If the decision is “not” the council position will be protected as the contract will not be awarded. The question for members is not to assess the bids but to decide whether the cost is “too much” and in those circumstances, even though the information may be received later than they would prefer, there will be sufficient time to make a reasoned and robust decision.

Background documents (or There are no background papers to this report)

n/a

Appendices

none

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