

<b>Title of Report</b>	Kings Hall Leisure Centre Refurbishment Project contractor Procurement Business Case Part 1
<b>Key Decision No</b>	FCR S244
<b>CPIC Meeting Date</b>	4 September 2023
<b>Classification</b>	Open
<b>Ward(s) Affected</b>	Homerton
<b>Cabinet Member</b>	Mayor Philip Glanville  CABINET MEMBER: Cllr Caroline Woodley Cabinet Member for Families, Parks and Leisure
<b>Key Decision</b>	<p>_____</p> <p>Yes</p> <p>_____</p> <p><b>Reason</b> Spending/or saving</p>
<b>Group Director</b>	Jackie Moylan, Group Director, Finance

## **1. Cabinet Member's Introduction**

- 1.1. This report focuses on taking forward commitments made in this administration's manifesto with regard to safeguarding the long term future of Kings Hall Leisure Centre (KHLC).
- 1.2. The Council has long recognised the impact that sport and physical activity can have on the achievement of its priorities and since 2005 has made improvements to both the quality and operation of its sport and leisure facilities all across the borough. Since the Olympics in 2012, Hackney residents have become more active: from 6th most inactive borough in London in 2012 to 19th most inactive borough in 2022, one of only two boroughs to make such progress.
- 1.3. To ensure we continue to improve sport and physical activity opportunities for residents we need to make decisions about how our leisure facilities continue to meet the demands and expectations of the community, within the context of a growing population and reducing resources. We have already done this with the development of the new award winning Britannia Leisure Centre that opened in June 2021; investment in London Fields Lido, Clissold Leisure Centre and the West Reservoir Centre; and we now need to turn our attention to securing the future of Kings Hall Leisure Centre (KHLC).
- 1.4. The Grade II listed Kings Hall Leisure Centre is an important social and historic landmark for the Borough, as well as a very popular functioning leisure centre. The condition of the Leisure Centre continues to deteriorate and it is in an extremely poor condition, with repair costs continuing to rise significantly and the integrity of the building deteriorating (with a growing number of areas now at end of life). Reflecting this, the Council has made a commitment to "identify funding streams and develop and approve comprehensive plans for the refurbishment of Kings Hall Leisure Centre by 2026".
- 1.5. This project is about bringing back to life an important building at the heart of the local community and securing its long-term future to enable it to better contribute to meeting local needs for many decades to come. Without complete refurbishment to preserve the historical significance, the facility will cease to become operationally functional and is likely to close.
- 1.6. Doing nothing is simply not an option nor can we keep patching up this valuable community asset. We also know that in recent memory similar challenges were faced at Haggerston Baths and we are determined to make decisions now that will ensure KHLC remains open. We are therefore delighted to bring forward proposals to share and engage with residents and leisure centre users to develop clear plans for what a

refurbished KHLC will look like and how it will serve Homerton, Clapton and all Hackney residents, alongside accurate estimates for what it will cost in order to inform future decision making. We are determined, even in the context of significant financial challenges, to continue to prioritise investment in much-loved local leisure facilities like KHLC that attracts approximately 380,000 visits annually.

- 1.7. I commend the procurement approach taken to ensure that the delivery of this project advances with expediency to secure early contractor engagement through the Southern Construction Framework (SCF), with a team with a proven track record and knowledge of the challenges associated with the KHLC, and a strong commitment to delivering Social Value through the delivery of the contract. This early contractor involvement will enable a full business case to be brought back to Cabinet for investment consideration.

## 2. **Group Director's Introduction**

- 2.1. This report sets out the business case for the contractor procurement to support the delivery of the KHLC refurbishment project. This is required in order to inform the Council's broader decision making in relation to the financial business case for the refurbishment project, and how the Council will deliver upon its manifesto commitments.
- 2.2. As a project which is both of great community interest, and of technical complexity (due to its current state of repair, and Grade II Listed status), this project will be brought to Cabinet in order to approve the financial business case. This is currently anticipated to be April 2024.
- 2.3. As part of this, there is a need to consider the overall budgetary commitment to this scheme as part of the Council's overall capital strategy and priorities. A RIBA Stage 2 Cost Plan has been developed that indicates the overall project cost to fully deliver the refurbishment project will be between £54.3m and £60.02m, including an estimated construction value.
- 2.4. In advance of this further scrutiny, the cost of the design Services and PCSA is within the budget of £5.75m for remedial works, surveys, and design team fees presented and approved by Cabinet in July 2021 for this initial phase of design and planning preparations.
- 2.5. The Kings Hall Leisure Centre Refurbishment project is being delivered within a complex set of corporate, site, and technical parameters, and for this reason, risk management is paramount to its successful delivery. This has helped inform our contractor procurement strategy, such that it is imperative that the procurement method ensures that a contractor with significant leisure sector expertise is selected. Due to the complexity of

the project and methodology of the building a two stage procurement process is the most efficient delivery route.

- 2.6. The project governance and management structure which has been put in place for the Kings Hall refurbishment project also ensures that lessons learned across the Council's broader capital delivery programmes (including the Britannia Leisure Centre project) can be fed into the project team and help secure the project's success.

### 3. **Recommendations**

CPIC is requested to:

- 3.1. **Approve the commencement of a two stage design and build procurement for Kings Hall Leisure Centre Refurbishment Project through the Southern Construction Framework Lot 3.**
- 3.2. **Delegate authority to the Group Director, Finance, in consultation with the Hackney Kings Hall Leisure Centre Development Board, in respect of the award of a Pre-Construction Services Agreement (PCSA) to the recommended contractor.**
- 3.3. **Authorise the Director of Legal, Democratic and Electoral Services to agree and enter into all necessary legal documentations relating to a Pre-Construction Service Agreement with the recommended contractor.**

CPIC is requested to note that:

- 3.4. **Following a review of the Stage 3 cost plan by the PCSA contractor, a Full Business Case requesting budget approval for the whole project will be brought back to Cabinet for consideration.**
- 3.5. **Subject to Cabinet approving such Full Business Case, the project will proceed by submitting a planning application and continuing to complete the second stage of the procurement process (including the open book market testing of the Stage 4 design with the PCSA contractor's supply chain).**
- 3.6. **At the completion of the second stage of the procurement process, a report recommending the award of the main design and build contract to the recommended contractor will be brought back to CPIC for consideration and approval.**

### 4. **Related Decisions**

- 4.1. Cabinet Budgetary Approval - FCR R78 Capital Update Report dated 19 July 2021.

- 4.2. Kings Hall Leisure Centre Design Team Services Contract Award - FCR S126 dated 3 October 2022

5. **Options Appraisal And Business Case (Reasons For Decision)**

- 5.1. The project team undertook Options appraisal workshops to establish the refurbishment options for Kings Hall Leisure Centre following a feasibility study in 2019. Three options were considered.
- Create no new facilities and undertake basic repair only.
  - A number of mid level investment options that created some new facilities and brought the leisure centre up to current standards.
  - Maximise the opportunity for new facilities whilst bringing the building and it's facilities up to current standards (preferred design option).
- 5.2. As set out in FCR S126, the decision was taken to progress the preferred design option for the KHLC refurbishment project to the planning stage, in order to gain clarity on the cost of the scheme and the investment case for its delivery. A design team was appointed, and Stage 2 design is in the process of being concluded. During this early design stage, the design team has sought to gain a fuller understanding of the constraints of the building, and its existing context, through the procurement of a range of surveys and consultant reports. This has given an insight into the complexities of the scheme, and the need for early contractor engagement to better understand the most efficient and cost effective way to manage the delivery of the scheme and the risks which it presents as an ageing historic building.
- 5.3. This initial business case recommends the progression of a two stage design and build procurement process in order to secure early contractor engagement into the design process. This report also describes a two stage business case process, whereby a Full Business Case would be recommended to Cabinet for approval, once our recommended PCSA contractor had had the opportunity to review the Stage 3 design and cost plan.
- 5.4. At this juncture, the options considered were thus as follows:
- Proceed to develop detailed designs for planning/Cabinet Business Case approval without early contractor engagement
  - Proceed to procure early contractor engagement to help inform the design process as soon as possible, and help inform the Full Business Case to be presented to Cabinet (preferred procurement option - timing)

- 5.5. In a scheme of this complexity, there is a high risk that any Full Business Case which was developed without early contractor involvement, would not comprehensively consider the best way to deliver the works and would potentially underestimate the true cost and risks associated with its delivery. It is for this reason that the option to progress to secure early contractor involvement ahead of any Full Business Case is recommended in this paper.
- 5.6. The procurement routes which were considered are set out below:
- Option 1 - Find a Tender Service Procurement
  - Option 2 - Framework Procurement (preferred procurement option - route)
- 5.7. **Preferred Option**
- 5.8. Following consideration of the procurement routes open to the Council and the drivers of the procurement, a framework procurement approach is the preferred option.
- 5.9. Having considered the frameworks which are available to the Council, the Southern Construction Framework (SCF) Lot 3 has been market tested and selected. This is a tried and tested procurement route (now in its fifth generation), with demonstrable market interest in the scheme, and a pool of contractors who have the skills and expertise to deliver a wet leisure scheme of this complexity.
- 5.10. The Council's project team is also experienced in procuring via this framework, with the Britannia Leisure Centre also procured using this framework. This familiarity and experience brings confidence to both the contractor teams and council team, ensuring that the focus is on securing the right outcomes from the procurement process.
- 5.11. It is proposed to weight the evaluation of the first stage of the procurement 70% Quality to 30% Cost, recognising that the driver of selecting a two stage procurement process is to select a partner who is able to work with the Council in the second stage to open book tender a Fixed Price design and build contract sum.
- 5.12. It is also proposed that the project uses the Expressions of Interest responses garnered from the Soft Market Testing exercise as the shortlist phase (MC1), and moves straight to the tender phase (MC2). This is an option presented by the framework and familiar to the contractors.
- 5.13. **Alternative Options (Considered and Rejected)**
- 5.14. The project team undertook a procurement workshop to establish the most appropriate route to procuring a contractor, having first understood the

requirements for the project and which procurement routes best suited these requirements.

- 5.15. The procurement route must allow for contractors with experience of wet leisure and working on listed buildings. Due to the complexity of the site constraints, and retention of existing historic features, the project team also felt it was important to procure a two-stage design and build contract, to allow the contractor early design sight and for them to bring their delivery experience into the design. This also allows a contractor to provide some early market feedback on the construction costs.
- 5.16. Given the specialist experience required for the project, a framework route provides the ability to tap into a pre-selected pool of contractors. The Find a Tender Service arguably provides a perceived wider pool of contractors, but in reality, specialist contractors prefer to operate via known framework contracts, where the costs and risks of bidding are known and clear at the outset. They have a tendered and prequalified competitor pool, with competitors of a similar nature and size. As such, the focus of the procurement review was to consider which frameworks offered a pool of specialist contractors, and the ease of procuring via pre-tendered frameworks.
- 5.17. The following frameworks were reviewed:
- Crown Commercial Service (Lot 4)
  - LHC (London and South East)
  - Pagabo (South East, Lot 3)
  - Procure Partnerships Framework (London)
  - Scape Major
  - Southern Construction Framework (Lot 3) - recommended

5.18. **Success Criteria/Key Drivers/Indicators**

- 5.19. In considering the requirements and specific challenges this project brings, the following key drivers have been considered to ensure successful delivery.
- Early contractor engagement where buildability and construction sequencing is very important.
  - Early market testing to establish appetite for the project from supply chains and sub-contractors.
  - Establishing contractors with specific wet leisure and also historic building refurbishment.
  - contractors that can deliver complex construction work surrounded by residential and commercial property with limited site logistics space.
  - Transfer of design risk, whilst still being able to retain some quality control.

5.20. **Whole Life Costing/Budgets**

5.21. The viability of the Kings Hall project is based on the 2019 feasibility study and the subsequent cost report to the Project Board in January 2023 which includes management and operational costs. As part of BREEAM requirements Elemental Life cycle costs will be assessed as part of Stage 2/3 design based on a predicted building life of circa 50 years. The project is targeting a BREEAM Excellent rating for the project.

5.22. **Policy Context**

5.23. In 2022 members made a commitment in the Hackney Labour Manifesto to: “develop plans to ensure that Kings Hall Leisure Centre continues to meet the needs of residents in the east of the borough for the future.”

5.24. Numerous studies and reports have been produced in relation to the future of KHLC over the past 10-15 years due to its age, deteriorating condition and poor state of repair.

5.25. The condition of KHLC continues to deteriorate and it is in an extremely poor condition, with repair costs continuing to rise significantly, the integrity of the building deteriorating (with key areas now at end of life) and customer complaints increasing.

5.26. The Council has made a commitment to “identify funding streams and develop and approve comprehensive plans for the refurbishment of Kings Hall Leisure Centre by 2026”.

5.27. **Consultation/Stakeholders**

5.28. The Council has produced a stakeholder and communications plan, which will be implemented and updated at each stage of the project.

5.29. The project team will hold early engagement consultation meetings with identified key stakeholders whilst also engaging with wider stakeholders and the general public.

5.30. The project’s approach to stakeholder consultation will be face-to-face meetings in the early design stages, to ensure feedback from the stakeholders is captured into the design.

5.31. Stakeholder consultation will commence in late 2023, once pre-application feedback from the Local Planning Authority on the principles of the development are obtained.

5.32. Public engagement, feedback sessions and informal consultation will continue through to the planning application early 2024.



**5.33. Risk Assessment/Management**

- 5.34. The Risk Assessment Tool (RAT) has assessed this project as High risk and is hence being presented to CPIC.
- 5.35. A project risk register is in place and is reported to the Steering Group monthly and Project board bi-monthly. The risk is tracked through a scoring system with the highest scoring risks escalated each month.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall</b>	<b>Action to avoid/mitigate risk</b>
Project Funding not able to meet the brief	High ▾	High ▾	High ▾	Ongoing cost review to track the design against the budget and to escalate options for value engineering where required.  Early contractor input into cost assumptions through early contractor involvement.
Neighbourly Matters	High ▾	High ▾	High ▾	Early consideration of boundaries and deliverability of construction in a tight urban site with multiple neighbours.  Development of design which is sensitive to neighbourly matters, and early input from a contractor on buildability.
Balancing Project Drivers, e.g. heritage, facilities, cost, sustainability, buildability	High ▾	High ▾	High ▾	Early assessment of drivers, and continual monitoring to escalate at Board level where a 'call' needs to be made.  Early engagement with LPA, contractor and Historic England to ensure comprehensive and early understanding of the scheme.

**5.36. Market Testing (Lessons Learnt/Benchmarking)**

- 5.37. To be able to inform the recommendations within this report, the project team undertook soft market testing with the contractors on the SCF. This was to establish the viability of the proposed procurement route and market interest in the scheme. The soft market testing sets out the following clarifications:

- Whether the project is of interest.
- Availability of a team with experience of this type of project within the proposed project timescales.
- View on the proposed procurement route (two stage design and build), and the current/future tender market.
- View on the proposed point of the second stage sub contractor package procurement and entering into the construction contract at the end of Stage 4. (Note it is expected the contractor will lead design development and coordination, working closely with the Council's consultant/design team, and will take on full design liability for both pre and post contract design at the point of entering into the construction contract.)
- View on the programme.
- Any other observations, views or issues you think the Council should take into consideration.

5.38. Initial Expressions of Interest have been submitted by three of the framework providers, all of whom have the requisite experience and specialist experience in wet leisure and Listed building refurbishments. Given the specialist nature of this scheme and the risk profile which it presents, three tenders are considered a realistic and appropriate response from the market. Notwithstanding that three contractors have expressed an interest, the mini tender will be issued to all nine contractors on the framework.

5.39. Following a review of alternate framework routes and/or Find a Tender Service (FTS), it is not envisaged that a greater number of appropriately qualified contractors would be attracted/tender for the project. Order books are busy, and thus the focus of the Council team needs to be to ensure a confident and clear engagement with the framework to continue to remain on contractors' pipeline plans and secure bidding and delivery capacity from interested contractors.

#### 5.40. **Savings**

5.41. This report relates to the development of a capital project, which is required to address ongoing maintenance issues with an historic community asset. The project will work to minimise nugatory spend on the asset prior to these refurbishment works, through a coordinated approach in relation to surveys and interim remedial works.

### 6. **Sustainability Issues**

6.1. Bidders will be required to commit to specific outcomes in response to Hackney's Sustainable Procurement Strategy by submitting a Social Value offer as part of the tender process. These commitments will be required to

be passed down to the supply chain in the main contractor's subcontracts and will be monitored as Key Performance Indicators for the contract.

6.2. **Procuring Green** Each bidder is to set out their corporate commitment to 'going' Green and how this would specifically apply to their delivery of the Kings Hall redevelopment. E.g.

- Initiatives taken to reduce waste to landfill (reductions against 3 year baseline) (tonnes waste saved)
- Reduction in baseline operational carbon emissions (reductions against a 3 year baseline) (tonnes CO<sub>2</sub>e)
- Carbon savings made during the year due to use of renewable energy (tonnes CO<sub>2</sub>e)
- Initiatives the contractor will adopt to utilise recycled material or materials that are recyclable or reusable
- Purchasing sustainable timber products
- Using renewable resources and preserving non-renewable ones.

6.3. **Procuring for a Better Society** Each bidder is to set out their corporate commitment to being a good corporate citizen and how this would specifically apply to their delivery of the Kings Hall redevelopment engagement. E.g.

- Describe how their organisation and their supply chain will use reasonable endeavours to ensure that 30% of labour employed across the works is to be local. (i.e. any person or persons aged 18 years or over who is a resident of the London Borough of Hackney.)
- Describe how the contractor will provide 1 full time, full framework apprenticeship place in a trade, per £2m value of the works.
- Describe how their organisation and their supply chain will encourage the use of small and medium sized businesses including fair payment processes.

6.4. **Procuring Fair Delivery** Each bidder is to set out their corporate commitment to Fair Delivery and how this would specifically apply to their delivery of the Kings Hall redevelopment engagement. E.g.

- Describe how their organisation will support vulnerable and disadvantaged sections of the community, women, Black and Global Majority groups, disabled people and unemployed youth (18-25 years) with employment and training opportunities.

## 7. **Proposed Procurement Arrangements**

- 7.1. The procurement evaluation team for the tender will include the Project Director, Major Capital Projects Delivery Lead and a member of the Hackney works team from the council as well as Hadron Consulting (Project Managers) and members from Faithful and Gould (Cost Consultant). The Leisure client from the council and specialist consultants will be consulted in an advisory capacity as required during the tender period.
- 7.2. The “Key Milestones” table below sets out the programme procurement approach to a contractor appointment through the Southern Construction Framework.

<b>Key Milestones</b>	
Soft Market testing response date (Expression of Interest)	28 July 2023
Cabinet Procurement & Insourcing Committee Business Case	4 September 2023
Prepare tender documents & contract amendments	August 2023
Issue tender documents (MC2)	8 September 2023
Mini Competition 2 (MC2) return date	17 November 2023
Delegated approval to shortlisted (PCSA) contractor	15 December 2023
Notify contractors	15 December 2023
Voluntary standstill period ends	27 December 2023
Finalise and sign PCSA	29 January 2024
Contractor Review of Stage 3 design	February/March 2024
Estimated Cabinet Full Business Case	April 2024
Estimated CPIC Award of Contract (subject to Cabinet Full Business Case)	April 2025

### 7.3. **Contract Documents: Anticipated Contract Type**

- 7.4. The proposed form of contract is the JCT Design and Build contract 2016 with associated Pre-Construction Services Agreement. A Design and

Build form of this contract allows appropriate risk transfer onto the contractor.

- 7.5. The Contract will be managed by the Council's project management team via an Employer's Agent appointed to administer the contract through the construction period.

## 8. Comments Of The Group Director, Finance

- 8.1. This report sets out an initial business case and procurement strategy for the appointment of main contractor to support the progression of the KHLC refurbishment project. This business case covers the first stage of the procurement, securing a shortlisted contractor to work with the Council during Stage 2 under a Pre Construction Services Agreement (PCSA). This early contractor engagement is to assist with the production of a Full Business Case for Cabinet, ensuring that early cost and deliverability advice is secured from a contractor partner prior to a decision being made to commit to the full investment required for the scheme.
- 8.2. Spend approval was given in the July 2021 Capital Update for remedial works, surveys, and design team fees relating to KHLC to the sum of £5.75m. To date, remedial works spend has been contained within existing maintenance budgets and has not needed to call upon the remedial works budget. That position may however change, and an allowance has been retained until further Cabinet approval is sought relating to future investment in the scheme.
- 8.3. The project has committed to take a Full Business Case to Cabinet once the design is ready for submission to planning (RIBA Stage 3) - estimated for April 2024. Based on the current programme, the total forecast expenditure to this point is £2.984m, which is within the overall budgetary approvals already in place.
- 8.4. A cost allowance for the Pre Construction Services provided by the shortlisted contractor has been allowed for within this short term forecast cash flow requirement. This allowance is based on recent experience of similar PCSA fees for projects of a similar scale and nature. The final fee will however be subject to each individual contractor's commercial approach to such PCSA agreements.
- 8.5. A RIBA Stage 2 Cost Plan has been developed that indicates the overall project cost to fully deliver the refurbishment project will be between £54.3m to £60.02m, including an estimated construction value. This will have an impact on the council's General Fund revenue budget as the Council will be required to allocate an average annual provision of around £1m - £1.2m to cover the repayment of the borrowing, referred to as the 'Minimum Revenue Provision.' Additionally, there will be a need to allocate funds for an average annual interest charge of approximately £1.5m - £1.6m, calculated based on the current interest rate of 5.4%, for the next

50 years. It's important to note that the borrowing costs will be subject to fluctuations in market conditions, leading to potential changes when the actual borrowing occurs. This assumes the scheme is funded by 100 percent borrowing. While we will look to other sources of finance, for example, the application of any future capital receipts or CIL monies there would be an opportunity cost of this in respect of other capital schemes.

- 8.6. The estimated capital cost of the scheme, including the investment case for development, will be presented to Cabinet, as such, the actions to bring forward the first stage of the contractor procurement process do not impact on our current forecast costs for the scheme for FY 2023/24.

## 9. **VAT Implications on Land & Property Transactions**

- 9.1. It is understood that the Council is refurbishing the existing leisure centre. Assuming that the completion of the leisure facility occurs before the end of the current GLL contract, then the newly refurbished facility will be leased to an external provider on a peppercorn lease. No consideration will be received from the provider, or any other party, the lease will be a non-business supply by the Council and VAT on attributable costs should be recoverable in full. If any consideration is received the position will need to be reviewed, as the supply may be exempt from VAT and all of the VAT on the construction will need to be included in the Council's partial exemption calculation.
- 9.2. Further VAT implications will be included in the Full Business Case which is presented to Cabinet and prior to the scheme proceeding to conclude the procurement process.

## 10. **Comments Of The Acting Director of Legal, Democratic and Electoral Services**

- 10.1. This Report has been assessed as High Risk. Paragraph 2.7.6 of Contract Standing Orders states that all procurements with a risk assessment of "High Risk" will be overseen by Cabinet Procurement and Insourcing Committee and therefore this Business Case Report is being presented to Cabinet Procurement and Insourcing Committee for approval.
- 10.2. It is proposed to undertake a mini-competition under the Southern Construction Framework lot 3 to appoint a contractor for the Kings Hall redevelopment project. Use of a framework would be subject to the provisions of Regulation 37 of the Public Contracts Regulations 2015 which allow a contracting authority to acquire supplies or services from a centralised purchasing body. The Council is entitled to use this framework under the provisions of Regulation 33(5) of the Public Contracts Regulations 2015 which states that frameworks may be used by "contracting authorities clearly identified for that purpose in the call for competition or the invitation to confirm interest".

- 10.3. The proposal in this Report requires the initial engagement of a contractor by the Council under a Pre-Construction Services Agreement (PCSA). The award of contract for the PCSA is proposed to be delegated to the Group Director, Finance. Paragraph 2.2 ii) of the Cabinet Procedure Rules states that “If the Elected Mayor delegates functions to a Committee of the Cabinet, unless they direct otherwise, the Committee may delegate further to an officer”. Cabinet Procurement and Insourcing Committee, as a committee of the Cabinet, is therefore permitted to delegate to an officer the decision to agree the award of the Pre-Construction Services Agreement.
- 10.4. The scope of the PCSA will involve developing the project further, and following a review of the Stage 3 cost plan by the PCSA contractor a Full Business Case requesting budget approval for the whole project will be submitted to Cabinet for approval.

## 11. **Comments Of The Procurement Category Lead**

- 11.1. This report presents the first part of a two-part works contract procurement exercise consisting firstly of the PCSA commissioning strategy, to appoint a works contractor for early engagement in developing the works project. Award of this part of the contract is delegated to the Group Director, Finance, in consultation with the Hackney Britannia/Kings Hall Leisure Centre Development Board. This business case would be followed by a second part business case to secure the budget and complete the procurement exercise for the main design and build contract. It is proposed at this stage that a fixed lump-sum price, design and build contract following an ‘open book’ exercise is adopted.
- 11.2. This Business Case recommends a framework call-off exercise conducted using Southern Construction Framework Lot 3. The fifth generation of the framework was awarded in Spring 2023 with a four year duration. Lot 3 pertains to contracts of £5m and above within the London region.
- 11.3. This exercise will be conducted in conjunction with the Council’s Construction and Environment procurement category manager, using the Council’s e-tender facilities. The top ranked bid from a 70% / 30% Quality and Cost weighting split will be recommended to enter into a Pre Construction Services Agreement.
- 11.4. The council will carry out a mini-competition from lot 3, which covers London. Lot 3 has 9 members. The framework allows any form of contract to be used and has flexibility for evaluation criteria in terms of price and quality. For the second part of the tender exercise the Council is proposing to develop and promote best practice through two stage open book

tendering that includes a performance management approach and a greater focus on local requirements.

11.5. The council has previously used the framework, and will add additional requirements to meet the council’s policies to include London Living Wage and apprentices.

11.6. In tendering, Social Value will be assured and KPI’s measures incorporated.

**Appendices**

None

**Background documents**

None

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