



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry

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17 June 2020

NOTICE OF MEETING

A Special meeting of the **HELENSBURGH & LOMOND AREA COMMITTEE** will be held via **SKYPE** on **WEDNESDAY, 24 JUNE 2020** at **2:00 PM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST**
- 3. HELENSBURGH WATERFRONT DEVELOPMENT (HWD) - CONTRACT AWARD AND FULL BUSINESS CASE**

(a) Report by Executive Director with Responsibility for Commercial Services (Public)
(Pages 3 - 6)

E1 (b) Report by Executive Director with Responsibility for Commercial Services (Private)
(Pages 7 - 146)

The Committee will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an "E" on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraphs are:-

- E1 – Paragraph 8** The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- Paragraph 9** Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

Helensburgh & Lomond Area Committee

Councillor Lorna Douglas

Councillor Graham Hardie

Councillor Barbara Morgan (Vice-Chair)

Councillor Aileen Morton

Councillor Gary Mulvaney

Councillor Richard Trail

Councillor George Freeman

Councillor David Kinniburgh

Councillor Ellen Morton (Chair)

Councillor Iain Paterson

Contact: Iona Campbell, Senior Committee Assistant - 01436 658 801

ARGYLL AND BUTE COUNCIL

**HELENSBURGH & LOMOND AREA
COMMITTEE (PROJECT BOARD)**

CUSTOMER SERVICES

24 JUNE 2020

**HELENSBURGH WATERFRONT DEVELOPMENT (HWD) – CONTRACT AWARD
AND FULL BUSINESS CASE**

1.0 INTRODUCTION

- 1.1. This report aims to summarise the proposed contract award and full business case of the Helensburgh Waterfront Development (HWD) Project.
- 1.2. As part of the Councils Approval process Helensburgh Waterfront Development Contract Award and Full Business Case Report is first being considered by the Helensburgh and Lomond Area Committee (Project Board) at a Special Meeting on the 24th June 2020, before being considered for approval at the Business Continuity Meeting of the 25th June 2020. These reports are restricted due to the Commercial Sensitivities of the information contained within and by virtue of Paragraphs 8, 9 of Schedule 7A of the Local Government (Scotland) Act 1973 it is recommended that both of these reports are considered as exempt from the Public.
- 1.3. The following sections provides members and the public, with a summary of: the background to the project; the procurement exercise for the Public Works Contract; and the development of the Full Business Case, which is developed in more detail with the full report.
- 1.4. Business Continuity Committee approval of the Full Business Case, Capital Budget allocation and Contract Award is now required to enable this essential piece of infrastructure to be delivered.

2.0 RECOMMENDATIONS

- 2.1. The full report includes the following recommendations to members, and provides them with the detail necessary for them to make an informed decision:
 - 2.1.1. Business Continuity Committee are invited to note the outcome of the Tender Evaluation and the determination of the tenderer having submitted the Most Economically Advantageous Tender, as detailed in the full report.
 - 2.1.2. Business Continuity Committee are invited to note that the commercial outcome of the evaluation has been incorporated into the anticipated final costs for the project, which have informed the development of the Full Business Case, and in particular the economic and financial cases.

- 2.1.3. Business Continuity Committee are invited to approve the Full Business Case, Capital Budget allocation, and the award of the Public Works Contract.

3.0 Background

- 3.1. Proposals for the development of Helensburgh Waterfront have been subject to various studies and community consultation over a number of years, with the initial Masterplan for the site developed back in 2009
- 3.2. The current proposals for the development of Helensburgh's Pierhead can be traced back to 2016, when the decision was taken by the Council to combine the requirements for improved flood defences of the site, with the need for a new Leisure Centre, including swimming pool, into a single project.
- 3.3. Following detailed design development and public consultation, the approved design solution was granted Planning Approval by Argyll and Bute Council in January 2019.

The Procurement Competition

- 3.4. The Project Team began the current exercise to identify a suitably experienced and capable Contractor to deliver the Works Contract in August 2019. This competition was undertaken in accordance with the Restricted Process i.e. a two stage process which identifies suitable contractors to be invited to tender for the works. At the end of Stage 1 three Contractors, were selected, and invited to submit tenders.
- 3.5. The Tenders were submitted on 25 February 2020 and were then the subject of a detailed evaluation of their Technical proposals i.e. how they planned to undertake the works, and subsequently their Commercial proposals, including their Tendered Price and any proposals in respect of the Terms and Conditions of Contract, or Equivalent Products.

Coronavirus Pandemic (COVID-19)

- 3.6. Shortly after the Tender evaluation process started, and in response to the emerging worldwide concerns in respect of the Coronavirus Pandemic, the United Kingdom and Scottish Governments introduced emergency legislation and restrictions.
- 3.7. Consequently we have consulted with the three Tenderers to get their views on the desirability of awarding contracts in the current climate, the main points to note from their responses are:
 - All 3 Tenderers agree that it is essential for the recovery of the sector that Clients continue to award contracts as it provides the sector with visibility of works in the pipeline, which is considered essential for recovery.
 - All 3 Tenderers supported our proposal, if necessary, to amend the standard Terms & Conditions of the Contract to allow for a Contract Award, and then a programme for mobilisation, site establishment and commencement of physical works once the current COVID-19 restrictions are revised to enable non-essential construction works to re-commence.

General – they have all noted that working under some form of COVID-19 restrictions is likely to have an impact upon site productivity. Members are aware that the Devolved Administrations, whilst in general terms are following the same guidance, are nonetheless all working to slightly different timescales for coming out of the COVID-19 restrictions. The Tenderers have the benefit of their operations being UK wide, which means that they are gaining practical experience of operating construction sites elsewhere in the UK, and are able to bring this experience to bear on this project. We have however considered it prudent to make an allowance within the Project Risk Register for the potential impact of the remaining COVID-19 restrictions on productivity/progress.

Outcome of Tender Evaluation

- 3.8. The purpose of the Tender Evaluation process is to determine the Most Economically Advantageous Tender (MEAT) in terms of the combination of the Tenderers technical approach to the work, in combination with their commercial submission i.e. their Tender Price
- 3.9. On the basis of the evaluation results the Contract Award Recommendation Report has been approved by the relevant Executive Directors of the Council. The relevant commercial information has been taken from this tender to inform the anticipated final cost of the project, the Capital Budget allocation necessary to deliver the full project, and the Full Business Case.

Full Business Case

- 3.10. The Full Business Case for the HWD Project has been developed in accordance with the HMRC Green Book Guidance - Public Sector Business Cases using the Five Case Model. The business case supports the continuing delivery of the project by providing the necessary evidence that:
 - That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the organisation and public sector– the “Strategic Case”;
 - That the intervention represent best public value – the “Economic Case”;
 - That the proposed Contract is attractive to the market place, can be procured and is commercially viable – the “Commercial Case”;
 - That the proposed spend is affordable – the “Financial Case”;
 - That what is required from all parties is achievable – “the Management Case”.

Next Steps and Overall Programme

3.11. The next steps in the overall project are as noted below, subject to confirmation in respect of: (1) the relaxation of COVID-19 Restrictions for non-essential construction sites; and (2) submission and acceptance of the successful tenderers Contract Construction Programme:

3.12. Table 4.11 Programme

Task	Description	Duration	Start Date	End Date
1	Helensburgh & Lomond Area Committee – To support recommendation to Award	1 day	24-Jun-20	24-Jun-20

	Contract (Virtual Meeting)			
2	Business Continuity Committee - Intention to Award Contract (Virtual Meeting)	1 day	25-Jun-20	25-Jun-20
3	CARR Approval	1 day	26-Jun-20	26-Jun-20
4	Notify Suppliers of Contract Award Decision	1 day	30-Jun-20	30-Jun-20
5	Observe Standstill Period	10 days	01-Jul-20	10-Jul-20
6	Issue Contract Award	1 day	13-Jul-20	13-Jul-20
7	Acknowledgement of Acceptance Offer	1 day	14-Jul-20	14-Jul-20
8	Contract Mobilisation & Implementation	920 days	15-Jul-20	23-Jan-24
8.1	Contract Start-up Meeting	1 day	15-Jul-20	15-Jul-20
8.2	Contractors Mobilisation Period	10 days	16-Jul-20	29-Jul-20
8.3	Site Establishment	10 days	30-Jul-20	12-Aug-20
8.4	Construction: Stage 1 - Flood Defences and Stage 2 - Leisure Building	500 days	13-Aug-20	13-Jul-22
8.5	Construction: Staff Migration to New Leisure Building and Familiarisation	19 days	14-Jul-22	09-Aug-22
8.6	Construction: Stage 3 - Demolition of Existing Pool and Completion of Car Parking and Landscaping	100 days	10-Aug-22	27-Dec-22
8.7	Construction: Defects Rectification Period	260 days	28-Dec-22	26-Dec-23
8.8	Construction: Contract Close Out	20 days	27-Dec-23	23-Jan-24

4.0 CONCLUSION

- 4.1. The delivery of the Helensburgh Waterfront Development project will result in significant and positive employment and Gross Value Added implications for Helensburgh and Lomond, Argyll and Bute, and wider Scotland. The issuing of this contract will be one of the most significant milestones in this strategic change process and the culmination of years of planning, engagement, consultation and due diligence.
- 4.2. As we emerge from COVID-19 and its global impact, contracts and projects such as this will play an essential part in helping our regional and national economies to recover. It will provide employment opportunities during the construction period, and positive impacts for the local economy in catering to the direct and indirect needs of a major construction site.
- 4.3. Having completed a competitive procurement exercise for the main works contract, and developed the Full Business Case in accordance with HMRC Guidance, we are confident in our recommendation that the works contract should be awarded to the Tenderer that submitted the Most Economically Advantageous Tender (MEAT).

NOT FOR PUBLICATION by virtue of paragraph(s) 8, 9
of Schedule 7A of the Local Government(Scotland) Act 1973

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