



Decision Maker: Cabinet Member for Finance & Council Reform

Date: 13 July 2022

Classification: General Release with *Part B exemption*:

Confidential/exempt

The Part B of this report is currently exempt from disclosure on the grounds that (i) it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, (ii) it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings under paragraph of Schedule 12A of the Local Government Act 1972; (iii) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Title: Seymour Centre – Appointment of a Contractor under a Pre-Construction Services Agreement.

Ward Affected: Marylebone

Key Decision: No

Financial Summary: The Seymour Leisure Centre project has a budget of £40m within the approved capital programme.

This report seeks authorisation to appoint **Wilmott Dixon Construction Ltd (00768173)** under a Pre-Construction Services Agreement (PCSA).

Report of: Gerald Almeroth, Executive Director of Finance & Resources

1.0 Executive Summary

1.1 In March 2022, the Cabinet Member approved the release of funding for professional fees up to the end of RIBA Stage 4. This amounts to £2.195m. This figure includes an allowance for the appointment of contractor services in respect of the first stage of a two-stage design and build construction works project. The procurement process for this contractor appointment has concluded and the purpose of this report is to recommend a contract award to the successful bidder.

1.2 It is proposed that, following a competitive tendering exercise carried out in accordance with the Southern Construction Framework (SCF) guidance and overseen by Westminster Procurement Team, Willmott Dixon Construction Ltd be appointed as the Council's preferred contractor for the Seymour Centre project for the provision of pre-construction services for a fee of £0.00. Should a decision be made to not proceed with the construction works with Willmott Dixon Construction Ltd, then a fee of £122,436 would be payable to them for services delivered under the PCSA.

1.3 Under a two-stage design and build contract, the main contractor is appointed on the basis of fixed preliminary costs, profit and overheads together with an indicative price for the construction works which has been estimated and is included in Part B of this report. This will be subject to tendered work packages procured throughout the stage 1 process. Thereafter a final lump sum for the construction cost will be reviewed and agreed with the council's project team and presented to the project board. A further Cabinet Member Report will be presented seeking approval of a contract award to progress with Willmott Dixon Construction Ltd if the final lump sum construction cost is agreed within the project budget for the stage 2 refurbishment works.

2.0 Recommendation

2.1 To agree to the contract award appointment of Willmott Dixon Construction Ltd as the preferred contractor for the Seymour Centre project to deliver pre-contract services in respect of the first stage of a two stage design and build construction works. The fee under the PCSA is £0.00 but subject to the Council's approval to consider a further contract award to this contractor to deliver the stage 2 construction works for the project. If the council does not award the stage 2 works contract to this contractor, the agreed contract sum for the services delivered under the PSCA is £122,436

3.0 Reason for Decision

3.1 A compliant and comprehensive tender process has been completed to test the market and to identify the contractor best suited to deliver the services required. To take a different approach or not appoint would mean the scheme stalling. The completion date would be seriously impacted and the cost would increase. This appointment is therefore critical for maintaining the programme and delivering the project to quality and cost.

It is important to note that this appointment is for the pre-construction phase only. Any final appointment of Willmott Dixon Construction Ltd for the construction phase will be dependent on the satisfactory conclusion of the Stage 1 pre construction services delivered and the agreed stage 2 construction works price. Once a lump sum stage 2 construction works price is agreed for the appointment of the main contractor, a further Cabinet Member Report will be presented for approval for the contract award to Willmott Dixon Construction Ltd under a JCT Design and Build Contract 2016 with the Council's amendments.

3.2 Under the PCSA, the contractor will join the council's existing design team including the architect and specialist engineers as well as the project manager, cost consultants and planning consultants to complete RIBA Stages 2 to 4. By the end of the PCSA period the contractor must:

1. Provide a lump sum price for the construction works to complete the transformation of the existing Seymour Leisure Centre building.
2. Work in partnership with the council's project team to finalise the design elements for the construction works. Details of any novation of the design team to Willmott Dixon Construction Ltd have yet to be considered.

4.0 Background & Policy Context

4.1 The Seymour Centre generated 400,000 visits p.a. pre-Covid and serves 20 local schools who make use of the swimming pool and sports hall. This popularity ensures that a new Centre can contribute towards the delivery of the Council's objectives.

4.2 The relocation of Marylebone Library from its current temporary base will facilitate a full range of library activities including flexible events space. This will support social inclusion and reduce isolation and health inequalities by providing a range of opportunities for people to make healthy lifestyle choices.

4.3 In addition to refurbished leisure facilities and a new Marylebone Library, the new Seymour Centre creates further opportunity for combining other council services into a single space. This will be a flagship project where our communities can come together and access council services.

5.0 Financial Implications

5.1 On 17 February 2022 Cabinet agreed a revised total gross budget for delivery of the Seymour Leisure Centre of £40m. This scheme budget along with the wider updated capital programme was agreed for final approval by Council on 2 March 2022.

Up until the end of RIBA Stage 4 professional fees and other charges are scheduled to be £3.078m. Of this amount, the sum of £883k was agreed as part of a Cabinet Member Report (CMR) approved in October 2021 to appoint Make Architects Ltd as the Council's architects. The remaining total of £2.195m of professional fees was approved by way of CMR in February 2022. This included £708k for the engineer and up to £515k for Project Manager, Quantity Surveyor and Principal Designer (as defined under the CDM Regulations, 2015).

5.2 Anticipated Savings

No anticipated savings.

5.3 Value for Money

In January 2022 a soft market testing exercise was conducted with the Southern Construction Framework (SCF) to gauge interest in the Seymour project. The SCF were chosen following a comprehensive review of potential procurement routes involving the professional team and internal finance and procurement.

SCF are a well established framework with many main contractors appointed. Expressions of interest were received from 5 companies and ultimately 4 were invited to tender as one contractor withdrew due to existing commitments. Of the 4 contractors who bid, all were actively involved in the tender process with each company attending a site visit, a mid-tender interview and a post-tender interview, as well as raising clarifications throughout the process. As a result of this engagement, 4 good quality bids were received and assessed by the project team.

All 4 bidders submitted Commercial Workbook returns which measure their financial response to the project. Willmott Dixon were the highest scoring bidder in the Commercial Section. The Commercial Workbook was assessed by the project Cost Consultants and Corporate Finance.

All bidders provided good quality, compliant bids. Following evaluation and moderation from a panel of separate quality and price evaluators, Willmott Dixon, were the clear winners with an overall score of 83%. The 2nd placed bidder scored 77.13%. Willmott Dixon were the highest scoring bidder for both price and quality and their PCSA fee was the lowest offered of the 4 submitted.

Willmott Dixon provided the best social value offer of the 4 bidders with commitments in excess of those required by the council and SCF and with a moderated score of Excellent (5/5) for this and Design Management. No other bidder scored Excellent for a quality question.

The sum of £122,436 for the Stage 1 works is deemed a reasonable sum because it has been market tested via the SCF and has been independently assessed by the Cost Consultants, Faithful and Gould and the council's corporate finance as part of the tender evaluation.

By agreeing to the appointment of Willmott Dixon Construction Limited under a PCSA, this does not commit the Council to appoint Willmott Dixon Limited for the stage 2 construction work.

Refer to Part B for breakdown of main contractor costs and details of allocated budgets.

Finance comments supplied by A Lineker 29th June 2022

6.0 Legal Implications

The recommendation in this report is seeking approval of a call-off contract award to Willmott Dixon Construction Ltd (the Contractor) procured via the Southern Construction Framework (SCF) ("the Framework").

The contract award is for the provision of pre-construction services under a Pre-Construction Services Agreement (PCSA) in respect of the refurbishment works to Seymour Leisure Centre, Seymour Place, London W1H 5TJ (“the Project”).

It is understood that there is no contract value for the services delivered under the PCSA unless the Project does not progress to stage 2 for the construction works with the appointed Contractor and in such circumstances the PSCA contract sum is £122,436.

Legal comments supplied by Sharon Cudjoe, Senior Solicitor – 29 June 2022

7.0 Procurement

The Commercial Gateway Review Board (CGRB) on 7th June 2022 considered a paper outlining the procurement exercise and endorsed the recommendation to progress the appointment of Willmott Dixon Construction Limited subject to Cabinet Member approval.

8.0 Social Value

8.1 This project was the first to publish the Council’s Responsible Procurement Strategy as part of the tender documents. In addition, the Southern Construction Framework have extensive Social Value requirements for contractors appointed to the framework, which at least meet the standard set in Westminster’s Responsible Procurement Strategy. The table below summarises Southern Construction Framework requirements the offer from Willmott Dixon Construction Ltd.

Responsible Procurement Outcome	SCF Requirement	Willmott Dixon Construction Ltd Offer	Comments
Work Placements	9	20	For priority groups and two virtual work experience programmes for Westminster schools
FTE Jobs	9	12	For Westminster Residents to work onsite
Careers Events	5	12	
Training Weeks	492	500	Including two level 3 management apprentice opportunities
NVQ Level 2& 3 Certificates gained	6 (13 additional)	12 (+13 additional training certificates)	

Willmott Dixon confirmed acceptance of Westminster City Council's Living Wage policy during submission of the tender. The tender price submitted by Willmott Dixon Construction Limited is below the budgeted estimate for the project whilst adhering with the council's Living Wage Policy.

9.0 Carbon Impact

9.1 This Listed building cannot meet the council's 2030 net carbon zero aims without an overhaul of the Mechanical & Electrical (M&E) services servicing the pool, heating and ventilation. Modern M&E will have a significant impact on emissions and energy consumption. The team will be using the council's Carbon Assessment Toolkit to measure the impact of interventions. The professional team are working on a Carbon Strategy for the building and are also examining the potential of grant funding to assist with the delivery of measures to reduce the building's carbon emissions.

10.0 Consultation

10.1 Significant consultation has occurred over the last 15 months with further consultation planned. Local Members have been invited to all events as have Cabinet Members. In 2021, 3 online community events were held and a consultation questionnaire issued in the Centre, Marylebone Library and promoted online. Over 640 responses were received, largely from residents who already use the Centre. In January and February 2022, over 200 residents joined online webinars where the Architects presented initial concepts and service adjacencies. Alongside meetings with user groups, and internal service workshops, in June this year two further webinars have been held as well as three face to face consultation events. These were promoted via the distribution of over 12,000 leaflets in the local area.

11.0 Equality Act 2010

11.1 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The council must take into account its wider public sector equality duty under Section 149 of the Equality Act 2010 when making decisions.

11.2 The Seymour project is designed to increase the usage of the Centre by increasing the council 'offer' provided. This includes Library provision and the Library Service have at their core the promotion of equality of opportunity. The Library Service vision includes the statement "*Libraries are thriving community spaces supporting literacy learning, business, wellbeing and culture and the way that residents have used libraries continues to change.*"

11.3 Alongside Library provision the vision for the new Centre includes the aim of enhancing accessibility so that the current Leisure facilities and the new council services are accessible for the widest number of residents. For example, additional lift access is to be provided alongside level access to the swimming pool. A dedicated Access Consultant has been appointed to advise on how to optimise accessibility and the project team are engaging with the council's ABLE staff group.

Appendices

Appendix A (Exempt): Contractor costs

Background Papers

Cabinet Member Report: 2nd March 2022 - Fees for work associated with the development of plans for the transformation of the Seymour Leisure Centre up to the end of RIBA Stage 4 (Technical Design).

CGRB Gate 2 paper: 22nd March 2022 – Procurement Main Contractor (Confidential)

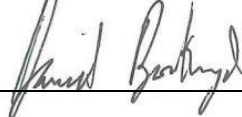
CGRB Gate 3 paper: 7th June 2022 - Award Contract Main Contractor (Confidential)

If you have any queries about this Report, please contact: Sandra Barnett at sbarnett@westminster.gov.uk

For completion by the **Cabinet Member for Finance & Council Reform**

Declaration of Interest

I have no interest to declare in respect of this report

Signed:  Date: 13 July 2022

NAME: **Councillor David Boothroyd**

State nature of interest if any

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled Appointment Main Contractor for Seymour Leisure Centre and reject any alternative options which are referred to but not recommended.

Signed 

Cabinet Member for Finance & Council Reform

Date ...13 July 2022.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.