

<b>Economy and Property Committee</b>	
<b>Meeting Date</b>	17 <sup>th</sup> December 2024
<b>Report Title</b>	Procurement of Construction Contractor for Beachfields
<b>EMT Lead</b>	Emma Wiggins, Director of Regeneration and Neighbourhoods
<b>Head of Service</b>	Joanne Johnson, Head of Place
<b>Lead Officer</b>	Inger Lorraine, Capital Programme Manager
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	1. That the Committee approves the appointment of Etec Group to deliver the Levelling Up Funded Sheerness Revival Beachfields and public realm projects, subject to the final contract value being within the available budget and to financial due diligence being undertaken to the satisfaction of the Committee Chair and Director of Resources prior to contract award.

## **1 Purpose of Report and Executive Summary**

- 1.1 On 8<sup>th</sup> March 2023, Regeneration and Property Committee (as was) agreed “to utilise the UK Leisure Framework to identify and recommend a delivery contractor for the [Sheerness Revival] Beachfields and public realm projects, to be appointed following Committee approval”.
- 1.2 This report summarises the procurement process and recommends a contractor to deliver the Levelling Up Funded Sheerness Revival Beachfields and public realm projects, subject to the final contract value being within the available budget, and to appropriate due diligence.

## **2 Background**

- 2.1. *Sheerness Revival* is a programme of three complementary town centre regeneration projects funded by the UK government’s Levelling Up Fund. Funding of £20m was awarded in January 2023, and the Grant Determination Agreement was signed in April 2023.
- 2.2. The Beachfields and public realm projects focus on health, wellbeing, leisure community, visitor economy and placemaking objectives.
- 2.3. The projects will deliver the comprehensive reconfiguration, refurbishment and extension of the existing dry-side leisure facility and Healthy Living Centre to deliver enhanced and expanded health, wellbeing, community and leisure provision.
- 2.4. It will deliver public realm and placemaking interventions to reinforce Beachfields' position as an important node connecting the railway station, high-street, seafront

and the surrounding community, delivering catalytic and visible change in the heart of Sheerness.

- 2.5. The related planning application is due to be considered at 16<sup>th</sup> January Planning Committee. Current images of the project can be found in Appendix I.
- 2.6. In March 2023, Committee agreed that *“subject to undertaking a due diligence exercise with Legal and Procurement, Swale Borough Council utilise the UK Leisure Framework to progress the delivery of the Beachfields and public realm projects to RIBA stage 4”*.
- 2.7. The role of a framework provider is to help public and third sector buyers to procure goods and services from a list of pre-approved suppliers, with agreed terms and conditions and legal protections.
- 2.8. The UK Leisure Framework (operated by Alliance Leisure) was chosen due to the accelerated access it provided to a pre-approved supply chain with proven expertise in large-scale public sector leisure projects. This was felt beneficial given the accelerated pace of delivery central government – and local stakeholders – expected and would welcome.
- 2.9. In line with this Committee decision, officers undertook the due diligence exercise with Legal and Procurement, and then worked with Alliance Leisure to appoint contractors to design the Beachfields and public realm schemes up to and including RIBA stage 4. This included a mini-competition among three pre-selected potential contractors.
- 2.10. Due to the use of the Framework, and in line with the March 2023 Committee decision, today’s Committee decision does not take the standard approach of reviewing the price and quality scores of multiple bidders. The Committee is instead asked to agree the award of contract to the contractor identified and recommended through officers’ work with the framework provider Alliance Leisure.
- 2.11. Throughout Swale Borough Council’s work with Alliance, the combined objectives of delivering a quality development, in line with the agreed outputs and outcomes of the business case, and within the defined budget have been paramount.
- 2.12. In order to deliver the project at the pace required by stakeholders (including central government and the wider community), officers are asking members to agree the contract award on the basis of the end of RIBA stage 3 cost plan. The identified cost of works may therefore alter, in line with information gained during RIBA stage 4.
- 2.13. On this basis, Committee is asked to agree to the award only if it is within the available budget. Should the final value exceed the available budget, the decision will return to Committee.

2.14. The available budget is set out in exempt Appendix II.

2.15. Etec Group were selected by officers via the UK Leisure Framework and scored well for quality and pricing. They have an established working relationship with Alliance Leisure and evidenced experience of public leisure projects. Their draft project programme illustrates an ability to move at the pace required by stakeholders, including Government, to progress the project to construction and delivery. Etec will also manage the Adventure Golf delivery, providing a single point contract solution for the council. They have also evidenced a strong commitment to social value, for example:

- Prioritising the use of local supply chain contractors
- Providing cost free logistical support for the temporary relocation of Beachfields' partners
- Supporting the engagement of primary and secondary school students, through a series of site visits, design / construction workshops and careers advice
- Supporting public engagement for planned activities across the projects

### 3 Proposals

3.1 That the Committee approves the appointment of Etec Group to deliver the Levelling Up Funded Sheerness Revival Beachfields and public realm projects, subject to the final contract value being within the available budget and to financial due diligence being undertaken to the satisfaction of the Committee Chair and Director of Resources prior to contract award.

3.2 Etec are a reputable contractor that has experience of successfully delivering similar leisure and health projects for various Local Authorities and the NHS across the UK.

Their portfolio of refurbishment and expansion projects include: -

<b>Leisure</b>	<b>Health</b>
Mayfield Leisure Centre, London Borough of Redbridge	East London Surgeries, NHS
Long Stratton Leisure Centre, South Norfolk Council	Rhyl Community Centre - GP Consultants, NHS
Bobby Moore Sports Hub, Barking and Dagenham Council	Brandon Leisure Centre - GP Consultants, NHS

Further information on Etec Group projects can be found on their website [Etec Group - Refurbishment & Construction Services](#).

## **4 Alternative Options Considered and Rejected**

- 4.1 Not to award the contract to the recommended contractor. This is not recommended, as the process to identify and recommend the delivery contractor is considered robust, and the selection process has been undertaken in line with the earlier Committee decision.
- 4.2 To award the contract to the recommended contractor regardless of cost. This is not recommended as the budget is fixed, as it risks limiting the ability to minimise expenses. Without the appropriate cost constraints in place, other projects within the programme could be adversely impacted with an overall lower output. This could lead to reputational risks.
- 4.3 To wait to award the contract once RIBA stage 4 concludes. This is not recommended, as this would add a delay to the programme which would exceed the central government approved timeframe for delivery. The recommended decision includes appropriate safeguards to ensure the contract is awarded appropriately without incurring delay.
- 4.4 Withdraw from the UK Leisure Framework and conduct a new open tender activity to procure a construction contractor. Conducting a tender activity at this stage of the programme will further delay the project. An activity of this type would take 10 – 12 weeks to complete and would impact the project delivery timeline significantly. Given the current economic climate, cost could exceed the budget and may require extensive value engineering that would result in a reduction in scope. All of which would have consequences to the Beachfield project and the outputs and outcomes of the wider Levelling Up Funded programme.

## **5 Consultation Undertaken or Proposed**

- 5.1 Legal and Finance departments have been consulted as part of the recommendations process.
- 5.2 Members of the LUF Member Working Group are kept updated on project finances, outputs and outcomes, as per its Terms of Reference.

## **6 Implications**

<b>Issue</b>	<b>Implications</b>
Corporate Plan	The Beachfields project underpins the Plan's Priority – Economy, Using the Levelling Up Fund as a catalyst for further regeneration on the Isle of Sheppey.
Financial, Resource and Property	The budget for the works is set out in exempt Appendix II.
Legal, Statutory and Procurement	<p>The Council's Contract Standing Orders set out that all contracts above £120,000 inclusive of VAT require Committee approval for award of contract.</p> <p>The contract will be drawn up using the UK Leisure Framework Terms and Conditions which have been approved by Mid Kent Legal Services and Finance.</p> <p>Under The Public Services (Social Value) Act 2012 the recommended contractor has undertaken to provide the following:</p> <ol style="list-style-type: none"> <li>1. Training and Skills – apprenticeships and work experience</li> <li>2. Community Engagement – consult with local schools/colleges</li> <li>3. Local cause <ul style="list-style-type: none"> <li>- Financial/equipment contribution</li> <li>- Logistical support with the temporary relocation of Beachfields' partners</li> </ul> </li> </ol>
Crime and Disorder	None identified.
Environment and Climate/Ecological Emergency	The LUF business case demonstrates how the programme aligns to and supports net zero ambitions.
Health and Wellbeing	The LUF business case demonstrates the accessibility improvements that the project will make to the GP Surgery within the Healthy Living Centre and the improved leisure and community facilities will support health & wellbeing
Safeguarding of Children, Young People and Vulnerable Adults	None identified.
Risk Management and Health and Safety	<p>A Sheerness Revival risk register exists and is regularly reviewed. Each project also has a project specific risk register with the highest priority risks feeding into the Sheerness Revival risk register.</p> <p>Part of the procurement process ensures that contractors are fully competent, particularly in the area of health and safety.</p>
Equality and Diversity	None identified.
Privacy and Data Protection	None identified.

## 7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

Appendix I: [Current Images of Beachfields and Public Realm](#)

Appendix II: [Budget Available](#)

## **8 Background Documents**

8<sup>th</sup> March 2023 Committee paper (link) [Public reports pack 08032023 1900 Regeneration and Property Committee.pdf](#)