



Report to Executive

Meeting Date – 17th September 2024
Key Decision – Yes
Public/Private – Public

Portfolio – Vibrant and Healthy Places
Directorate – Business Transformation and Change
Report Author – Wendy Devlin, Programme Manager

Title – Award of Construction contract for refurbishment of Cleator Moor Activity Centre.

Brief Summary:

This paper seeks approval to award the second stage of a Design and Build (D&B) contract with Thomas Armstrong Ltd to deliver the refurbishment of the Cleator Moor Activity Centre, a key project included in the Cleator Moor Town Deal.

Recommendations:

Executive is recommended to:-

- 1 Approve the award of the second stage of a Design and Build contract to Thomas Armstrong, subject to planning approval, with a value of approximately £5,849,530 plus VAT to deliver the refurbishment of the Cleator Moor Activity Centre.
- 2 If significant changes are required in order to gain planning approval ('significant' to be determined by the Director of Business Transformation and Change following consultation with the Portfolio Holder), delegate the decision to continue with the award with the changes required to the Director of Business Transformation and change.

Tracking

Executive:	17 September 2024
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Scrutiny:	
Council:	

1. Background

- 1.1 In 2022 Copeland Borough Council successfully secured central government Town Deal capital funding and private match to deliver a programme of regeneration projects including Cleator Moor. A key project included in the Cleator Moor Town Deal was 'Healthy Town' with the objectives of providing a new leisure facility with the flexibility to provide an offer for a wide range of sports for all the community in Cleator Moor.
- 1.2 The project comprises of refurbishing and extending the existing facility to provide an activity centre that meets the needs of the local community. The facilities are to include new four court sports hall, a multipurpose studio, fitness suite, area for food and drinks and changing. In addition, the facility will create a valuable social hub and new changing provision to meet the requirements for the proposed facility and existing external all-weather pitch.
- 1.3 Part of the scheme will include additional parking facilities that will accommodate the activity centre and existing sports pitch and a new routed running track around the grounds is proposed.
- 1.4 The facility is currently managed by GLL and once complete will continue to be operated by GLL. The facility will be incorporated in the Council's ongoing leisure strategy review and will be included in the re procurement of a leisure provider.
- 1.5 The Council currently subsidise the facility however as defined in the business case, the refurbishment and revised facilities mix will reduce the requirement for a subsidy. Procurement of a new leisure provider is currently underway through the Healthy Places team. The exact subsidy will be established once an operator is appointed.
- 1.6 In December 2023 Cumberland Council procured local contractor Thomas Armstrong using Lot 1b of the Capital Works Framework. Thomas Armstrong were awarded an NEC 3 Option A design and build contract with the initial award to complete the first stage (design) element of the scheme. This included developing the detailed design for the works, contractor involvement and 'buildability' advice which was incorporated into the design prior to submission of a planning application in April 2024. Stage 1 is now complete and the stage 2 (construction) costs for the scheme is £5,849,530.

2. Proposals

2.1 It is recommended that Executive approve the award of Stage 2 (Construction) contract to Thomas Armstrong Ltd. As planning permission is not yet determined, we recommend if there are any changes affecting the award that the decision to continue with the award is delegated to the Director for Business Transformation and Change.

2.2 The design work completed to date delivers the objectives of the business case and the cost of the contract is within the budget available. There is also provision for 7.5% contingency within the budget which is recommended for a project of this nature at this stage is the design process.

3. Alternative options considered

a. Award the contract

Award the contract to Thomas Armstrong Ltd to allow the project to continue as programmed and reported to funders. This is the recommended option.

b. Do nothing

Doing nothing and stop work on the project. This would result in loss of funding and investment in the facility. The existing building would remain operational and changes would be subject to the ongoing leisure review.

c. Re procure build contract

The Council could undertake a new procurement using the stage 4 design information. This route is not recommended, Thomas Armstrong has presented a proposal which is deliverable within the project budget. Re-procurement would result in delay and no guarantee any better position.

4. Reasons for recommendations

It is recommended to continue with the project and award of Stage 2 of the contract to Thomas Armstrong. They were the successful bidder at tender stage for both stages and have led the design team through stage 4. They are a local building contractor and have confirmed their proposal that is within the scope of the original tender and also is within budget. The current scheme is affordable and reduces the current revenue pressures for Cumberland Council. The scheme also achieves the outputs and priorities identified within the business case and the council plan. It is recommended that if significant changes are required in order to gain planning approval, then we recommend that decision to award with the changes required is delegated to the director of Business Transformation and Change.

Implications:

Contribution to the Cumberland Plan Priorities - Improving health and wellbeing is the central aim of the Cumberland Plan. Providing new, accessible, sustainable sports facilities in remote locations of Cumbria is fundamental to achieving this priority aim.

Relevant Risks and explain how risks can be mitigated –

Risk Category	Option Specific	Likelihood	Impact	RAG	Mitigation
Financial	The scheme is currently within the allocated budget, however during construction works some elements of unforeseen works may be identified.	LOW	MEDIUM	LOW	The stage 4 proposed delivery costs are within budget and allow the Council to maintain at 7.5% contingency to manage unforeseen issues and change.
Reputational	Bowler and the NBG for bowless are opposed to losing their facility.	HIGH	MEDIUM	MEDIUM	Consultation with bowlers and the community on alternative arrangements for bowls in the hall and other activities.
Programme	The project is at risk of not being delivered by the required March 2026	MEDIUM	MEDIUM	MEDIUM	The current programme shows delivery before the deadline and includes some contingency.
Revenue	Long term maintenance and operation of the facility is not sustainable for the Council.	HIGH	MEDIUM	MEDIUM	The ongoing leisure review will include the proposed improvements to the activity centre. Ongoing work suggests that the subsidy could be reduced and be

					sustainable for the Council.
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Consultation / Engagement – The project team have undertaken two pre-planning consultations to the community at RIBA stage 2 and 3. Further consultation was undertaken as part of the planning process.

Legal Comments

The decision to award the second stage of a design and build contract (i.e. the build element), subject to planning approval, is a proper decision for the Executive under Rule 6.33 of the Council’s Contract Procedure Rules (as amended 16 January 2024).

In the event that significant changes are required in order to obtain planning approval, it is also a proper decision for the Executive to delegate the decision to continue with the award with the changes to the planning approval to the Director of Business Transformation and Change under the cascade principle in accordance with Paragraph 1.4 of Part 3: Section 2 (Executive Procedure Rules) of the Constitution.

Given the value of the works, the contract will be subject to the Public Contracts Regulations 2015 (PCR) (applicable value threshold £5,372,609 including VAT). A competition carried out via a PCR compliant framework would be a compliant route to market to award such a contract. It appears from the report that the applicable contract terms will be in place.

Finance Comments

The Council was awarded £3.93m. Town Deal Funding towards the healthy Towns Programme. This was supplemented by £1m. contribution from Copeland Community Foundation and £2.12m from NDA (total £7.05m.). Expenditure was incurred by Copeland Borough Council on this project resulting a transfer of funding to Cumberland Council’s Capital Programme at 1st April 2023 of £6.977m.

The 2023-24 outturn shows expenditure of £196k. on this project, with further financial commitments of £159.8k to be fulfilled in early 2024-25. The funding remaining for all future works on this project is therefore £6.621m.. The contract award of £5.850m. for stage 2 works can be fully funded from this remaining sum leaving a client contingency of circa 13% for any unseen costs.

The NDA grant funding schedule and DLUHC Grant Funding Agreement required that all funding is expended by March 2026. A delay in Contract award may put this deadline at risk potentially triggering clawback action resulting in a significant impact on the Councils revenue budget.

The current facility is subsidised by the Council. The future operating model for this facility is being considered as part of the wider leisure review currently being undertaken. Any impact on the Revenue Budget will therefore remain unknown until this review is complete.

Procurement Comments

The procurement for this contract was undertaken through the Capital Works framework which fully complies with the Contract Procedure rules. The framework was established in 2020 was fully complied with The Public Contract Regulations 2015.

The value of this contract falls above the threshold for works under the Public Contracts Regulations 2015 (PCR).

Should approval be given to award the contract, a contract for the second stage will need to be issued, signed by Thomas Armstrong (Construction) Ltd and sealed by the Council prior to work commencing on the second stage..

Information Governance – Not applicable

Corporate Landlord – Not applicable

Impact Assessments –

Have you completed an Impact Assessment.

If no, please state why.

If yes, please provide a summary of key findings.

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Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

Appendices attached to report: None