

Report to Lee Harris, Executive Director for Place Services

October 2020

Award of Contract: Enabling Works Contract, Horsham Enterprise Park

Report by Andrew Edwards, Director of Property and Assets

Electoral division: Holbrook East, Horsham

Summary

The purpose of this report is to seek approval to award the contract for the Horsham Enterprise Park enabling works to Axio (Special Works) Limited; the enabling works programme has been designed to facilitate early commencement of the first phase of commercial development at Horsham Enterprise Park.

A robust open tender procurement process was undertaken and evaluation identified that Axio (Special Works) Limited is the most suitable contractor capable of providing the enabling works on time and to budget.

Recommendation

That the Executive Director for Place Services awards the Horsham Enterprise Park enabling works contract to Axio (Special Works) Limited, as outlined in section 2 of the report.

Proposal

1 Background and context

- 1.1 The County Council purchased the site formerly owned by Novartis Pharmaceuticals in Wimblehurst Road, Horsham, in December 2016. The key driver for the County Council's investment in this acquisition was to sustain, and build on, the site's long established position as a major centre for high value employment, and a key contributor to the local, county and sub-regional economy.
- 1.2 Following site acquisition, the County Council undertook a programme of work with its commercial advisors, Savills UK, on the vision, proposition and asset optimisation for the site. Decision LDR07 (18/19) authorised work to progress on the planning, and for an outline planning application to be submitted to Horsham District Council (the planning authority) for a mixed commercial and residential scheme.
- 1.3 Following the grant of planning permission in February 2020, decision CAB13 (19/20) authorised the sum of £4.157m to be drawn from the Horsham

Enterprise Park capital programme allocation for site enabling works and infrastructure upgrades, professional services, internal project and contract management, and statutory approvals.

- 1.4 The enabling works programme has been designed to facilitate early commencement of the first phase of commercial development and has three key benefits. Firstly, it allows essential enabling works to occur at the same time as procurement of the development partner, thus potentially saving six to nine months on the development programme. Secondly, undertaking the enabling works will substantially de-risk the site and so eliminate a significant area of development uncertainty. Thirdly, the works will increase the overall value of the site whether or not the development proceeds in the manner envisaged or the site is subsequently sold. These benefits and added value remain the case in the altered market conditions post-COVID-19.

2 Proposal details

- 2.1 The enabling works programme was costed at a value of £2.717m by the County Council's Multi-Disciplinary Consultant (MDC), Faithful+Gould, in September 2019, together with a provisional timeline for delivery of works.
- 2.2 The procedure selected was through a two stage procurement process, whereby Stage 1 included a Pre-Qualification Questionnaire (PQQ) and Stage 2 included the Invitation to Tender (ITT) which specifically related to the enabling works specification.
- 2.3 In July 2020, a PQQ was posted via the In-Tend portal (SE Shared Services e-sourcing portal) and in August 2020 responses to the PQQ were received from interested bidders. Four organisations submitted PQQ responses by the return date of 29 July 2020. Following a detailed evaluation process by WSCC and the Multi-Disciplinary Consultant (MDC), two contractors were shortlisted for invitation to tender.
- 2.4 During the tender period, one bidder opted not to submit a tender due to them not being able to price for the design element of the basement tanking. Therefore, one tender was received on 25 September 2020 as per the agreed deadline. In respect of the ITT quality award criteria, tenderers were asked to respond to one project specific question which was evaluated on a Pass/Fail basis. To pass, tenderers had to achieve a minimum of 50 per cent of the available score as detailed in the ITT. The specific question related to community impact, community engagement and communications
- 2.5 The tender received from Axio (Special Works) Limited was £1,930,834.62. The tender value is for construction costs only and excludes VAT and is valid for acceptance until 25 March 2021.
- 2.6 A review of Axio's quantities and rates where provided was conducted and found to be reasonable with some elements of works comparable to the MDC's estimate dated 18 September 2019. Overall, Axio's tender of £1,930,834.62 compares with the MDC construction cost estimate of £2,011,837.99 (Sept 2019) which is a difference of £81,003.37.
- 2.7 Axio's tender submission includes client's provisional sums amounting to £145,000.00 and a construction contingency of £175,530 for unforeseen works. Both these amounts are not to be spent unless confirmed in writing by the

Contract Administrator prior to the commencement of the works to which they are attributed to.

- 2.8 The ITT documentation stipulated that works should be completed by 31 March 2021. Axio's tender submission confirmed start on site as 9 November 2020 and completion of works on 31 March 2021. Axio's tender is based on a 21-week draft programme period which includes a 2-week shutdown for Christmas thus giving 19 weeks to complete the works.

3 Other options considered (and reasons for not proposing)

- 3.1 The other option considered at Full Business Case (January 2020) was to have the enabling works conducted by the developer partner. This option was rejected as the purpose of the preferred option was to achieve time savings from conducting the works during the period of developer partner procurement.
- 3.2 Carrying out the enabling works ahead of developer procurement also has the additional benefit of de-risking the site and thus providing more certainty for bidders in the main developer procurement. Note that the completion of the enabling works in March 2021 is in line with the conclusion of the developer procurement process and contract award in February 2021.

4 Consultation, engagement and advice

- 4.1 A mailout to local residents will occur prior to the contractor commencing on site. This will give details of the contractor, the nature and extent of the works, timeline and also a resident hotline telephone number for enquiries/complaints about the site works. The mailout will be sent immediately on confirmation of the start date from Axio (Special Works) Limited.
- 4.2 The Cabinet Member for Finance and the Cabinet Member for Economy and Corporate Resources have been consulted.

5 Finance

- 5.1 Revenue consequences – none.
- 5.2 Capital consequences. The tendered price for the enabling works is within the capital allocation for the specified works for the 2020/21 financial year. Therefore, funds are available and allocation for this project.
- 5.3 The headline budget figures are given in the table below. Direct comparison between line items in the MDC Enabling Works Estimate of September 2019 indicates a budget saving of £81,003.37. This saving has been added to the 'risks outside of construction contingency'. The enhanced risk contingency now amounts to £338,935.74. Other items in the enabling works budget (outside of the Axio contract) relate to professional fees, site surveys, site hoarding graphics.

	Current Year 2020/21 £m	Year 2 2021/22 £m	Year 3 2022/23 £m	Year 4 2023/24 £m
Capital budget	£2,717,000.00			
Change from Proposal	£1,930,834.62			
Remaining budget	£786,165.38			

5.4 The effect of the proposal:

How the cost represents good value

The enabling works contract has been competitively tendered, and the successful tender is below the threshold estimate provided by the MDC in September 2019. Axio's tender price is £81,003.37 below the estimate made in September 2019.

(a) **Future savings/efficiencies being delivered**

The enabling works project is essentially an efficiency project to ensure speedier delivery of the Horsham Enterprise Park. This will enable contracted payments from the developer partner to the County Council to be received earlier than would otherwise be the case, presenting a saving in interest payments on the original land purchase (December 2016).

(b) **Human Resources, IT and Assets Impact**

In terms of assets impact, the entire enabling works package has an objective of 'de-risking' the site to facilitate more accurate understanding of costs by bidders in the developer procurement process currently underway. Already completed survey work will be included in the final tranche of due diligence background reports available to the final three bidders in November 2020. There are no human resources or IT implications.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Construction contingency	Axio's tender submission includes the client's provisional sums amounting to £145,000.00 and a construction contingency of £175,530.00 for unforeseen works. Both these amounts are not to be spent unless confirmed in writing by the Contract Administrator prior to the commencement of the works to which they are attributed to.

7 Policy alignment and compliance

7.1 At the PQQ stage, Axio (Special Works) Limited confirmed that they have implemented a full COVID-19 company procedure in accordance with the guidance from the Construction Leadership Council version 5 updated and

issued 4th July 2020. Axio also confirmed that its approved supply chain organisations have all implemented COVID-19 procedures into their own RAMS (Risk Assessments and Method Statements). Axio also submitted a full Health & Safety Policy document in conformity with County Council requirements.

- 7.2 Legal implications. Procurement regulations have been fully complied with. There are no further legal implications.
- 7.3 Equalities duty and human rights assessment. Due regard has been given to the public sector equalities duty and there are no negative impacts on protected characteristics.
- 7.4 Climate change. This is a remediation project and the effects on climate change mitigation, adaptation and resilience are minimal.
- 7.5 Crime and disorder. Axio (Special Works) Limited will be fully responsible for site security and crime prevention on site.
- 7.6 Public health. The programmed works will not negatively impact on the health of residents or particular communities. COVID-19 is discussed above (7.1).
- 7.7 Social value. Axio (Special Works) Limited is based in Port Slade, East Sussex. As such, it is likely to be providing economic opportunities for residents of the county.

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Appendices

None