

Report Purpose

14. South Park Pavilion

Author:

Town Clerk

Update

Planning permission has been granted for the pavilion. As the Council is aware construction costs due to inflation have increased over the last year. We taking advice from our external advisors and working to review options to mitigate the impact of VAT being applied in full to construction costs, and to ensure that the pavilion which is a significant investment will be viable to build and operate.

We are reviewing the likely income the pavilion will generate and the costs of operating, managing, and maintaining the building.

Options for running the pavilion include:

- a charity
- a community interest company
- the Town Council running it

Each option has an implication on the Council's ability to recover VAT, specialist advice is being sought.

Currently we are working through the pros and cons of each option and a full report will be brought to the Council when it is complete.

Once this has been agreed, the consultation for the Public Works Loan will be made public and when complete the loan will be applied for.

The loan amount is included in V1 of the budget earlier on this agenda.

Tender Information

The Council has agreed following advice from our professional advisors to undertake a two stage procurement for the pavilion. This a competitive procurement process and involves the following stages

- Stage One – issue of tenders to an agreed list of contractors and selection of a preferred contractor on the basis of quality and cost based upon their overheads, profit, and preliminaries costs (management, site compounds etc). The list of Contractors will be approved by the Full Council in due course.
- Stage Two – supply chain and tendering of sub-contractors and supply chain by the preferred contractor, on a transparent basis, with oversight and challenge by the Council's professional advisors. Design development and value engineering and agreement of Agreed Maximum Price or capped price with the Contractor. Savings below this price would be shared by the Council and the Contractor.

The Council has the option of nominating a sub-contractor that it would like to undertake part of the building work who the main contractor has to use. It is unlikely that we would exercise this right. Most main contractors have regular local sub-contractors and supply chains they work with. It would be preferable to allow the widest selection of sub-contractors and supply chain to allow us to benefit from the value this will bring.

In accordance with Macclesfield Town Council's Standing Orders for Contracts, contracts of this amount must follow one of the following:

- Open competitive tender (Rule 6)
- Ad hoc approved list (Rule 7)
- Standing approved list (Rule 8)

- Approved list of another Council (Rule 9)
- Established procurement specialist (Rule 10)

5.2 states:

Tenders need not be invited in circumstances set out in 11.1 of the Financial Regulations, subject to a resolution of Council which embodies the reason for not doing so.

11.1 states:

The selection of persons from whom tenders shall be invited is to be agreed by the relevant committee or delegated to the Proper Officer in consultation with the Chair of Finance

Therefore, the proposal is to invite a selection of persons to tender for the first stage tender and this list will be produced and agreed by Council.

Standing Orders 19.4 state As per Public Contracts Regulations 2015 Reg 110 (5)(b), if specific firms are to be invited, the opportunity does not need to be advertised on Contracts Finder. (See Financial Regulation 11.1)

10.1. Where large, high value tender exercises take place, in areas in which the Council have limited expertise, it may be necessary to engage the use of established procurement specialists. These specialists will undertake the tender process on behalf of the Council, subject to compliance with Financial Regulations for the opening of tenders.

Sub Contracting

25. Nominated sub-contractors are contractors who are selected and nominated by the Council, the main contractor is then required to appoint them to undertake part of the construction work.

25.1. Where a sub-contractor or supplier is to be nominated to a main contractor the following provisions shall have effect.

25.2. Where the estimated amount of a sub-contract exceeds £25,000 then, unless the Proper Officer certifies that it is not reasonably practicable to obtain competitive tenders, tenders for the nomination shall be invited and dealt with in accordance with these Contract Procedure Rules as if they were for a contract with the Council.

25.3. A nominated sub-contractor must be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against his own obligations under the main contract in relation to the work or goods included in the sub-contract.

As outlined above the Council intends to issue tenders to a selected group of contractors that will be approved by the full council. Professional procurement advice has been sought and will be utilised. The use of nominated subcontractors for the reasons outlined above is unlikely. On this basis assurance can be given that the proposed process complies with the Council's Standing Orders.

Sponsorship

It will be important to fundraise and seek sponsorship for the pavilion to ensure that we can deliver a quality building that we the town can be proud of, for the local community and to attract visitors to our town. A sponsorship document has been produced and is attached to this report for approval. Once approved this will be circulated to businesses.

Action:

To approve the sponsorship document.