

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Tendering Committee: 19 January 2011

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**Subject: Scottish Futures Trust – Development of the *hub* initiative – Commencement of OJEU Tendering Process**

### **1. Purpose**

- 1.1** To seek Committee agreement that the Council takes part in the procurement process in order to procure a private development partner to the local West Territory *hubco*.

### **2. Background**

- 2.1** Council agreed on 28 April 2010 to take part in the development of the West Territory *hubco*.
- 2.2** The West Territory Project Board has, since August 2010, been developing the implementation plan to form the *hubco* and it currently plans to commence the process to procure a private sector development partner in order to form the *hubco*.
- 2.3** The Territory Project Board are planning to issue the required tendering documentation through advertising in the Official Journal of the European Union (OJEU).
- 2.4** The report to Council in April 2010 did not seek delegated authority for officers to authorise this procurement and it is normal practice within the Council that the commencement of procurement processes should be approved by the relevant Committee.

### **3. Main Issues**

- 3.1** The development of the West Territory *hubco* is reaching a key stage – the procurement of a private sector development partner.
- 3.2** This is a significant procurement and across the West Territory and all Local Authorities and the Greater Glasgow Health Board are involved in the development of the *hubco*.
- 3.3** Attached, as an appendix to this report, is the summary of milestones from the latest version of the West Territory hub programme. As can be seen the planned date for advertising the procurement within the OJEU is 11 February 2011, with a planned end date for the procurement process of 24 February 2012.
- 3.4** All procurement processes have underlying risks and it would be appropriate for Council to recognise this as a consequence of being part of the process.

**3.5** Taking part in the procurement process as a named partner does not commit the Council to taking forward any development projects through this route, however not being part of the procurement process would reduce the potential routes to funding and development efficiencies which are expected to be derived through the operation of the *hubco*. As reported in April 2010 the expected benefits of being involved in the *hubco* are: The intended key outcomes for hub are:

- Improving efficiency of delivery of community-based facilities;
- Delivering economies of scale through shared facilities;
- Making the best use of public resources; and
- Providing continuous improvement in both cost and quality in public procurement.

**3.6** It is expected that the *hubco* will last for 20 years, with an option to extend for a further 5 years where agreed between *hubco* and one or more of the Participants.

**3.7** The Participants (including the Council) will have the opportunity to put forward individual projects which will be used to form a 'project pipeline' which *hubco* will deliver through one of the following options:

- 1) Design and Build contract (or build only for projects which have already reached design development) under a capital cost option; or
- 2) Design, Build, Finance and Manage under a revenue cost option.

**3.8** Working closely with the Participants, the *hubco* will be expected to deliver improvements (including better design, lower construction and maintenance costs and the increased speed of delivery of new facilities) in the way that projects are delivered and the supply chain is managed. These improvements will be monitored by the setting of performance targets, Key Performance Indicators and the periodic use of market testing.

**3.9** The long term partnership between the Participants and *hubco* offers a flexible procurement route for the delivery of community infrastructure, achieving value for money by reducing both the expense and time associated with one-off procurements, particularly for small facilities. The appointed private sector development partner will have the expertise to provide various construction procurement mechanisms, tailored to meet the Participants' needs over the agreed lifecycle of individual projects.

#### **4. Financial Implications**

**4.1** There are no immediate financial implications for the Council in relation to taking part in the procurement of the private development partner for the West Territory *hubco*.

**4.2** Assuming the procurement is successful, then the *hubco* could provide the Council with an alternative source of investment funding for capital projects. This is likely to be significant and important over future years as Central Government support for capital investment is expected to reduce for a number of years.

**4.3** As stated above the *hubco* is expected to generate significant procurement cost efficiencies and this, as a development route, could allow future savings to be generated for the Council (though this is fully dependent on the Council agreeing to develop such projects through the *hubco*).

## **5. People Implications**

**5.1** There are no personnel issues, other than the ongoing time commitment of the Council's representative on the West Territory Board, and provision of relevant legal and financial advice from within the Council.

## **6. Risk Analysis**

**6.1** The option for the Council to take part in the procurement of the local *hubco* private sector development partner does not commit the Council to any capital projects at this stage, however it does commence a significant procurement process for the appointment of a long term development partner for West Dunbartonshire and other West of Scotland public sector bodies and accordingly must be seen as a significant and onerous undertaking.

## **7. Equalities Impact**

**7.1** No significant issues were identified in a screening for potential equality impact of this report.

## **8. Conclusions and Recommendations**

**8.1** The Council agreed in April 2010 to take part in the development of the West Territory *hubco*. The next stage in this development is the commencement of the procurement process to procure the private sector development partner.

**8.2** Approval to be named in the OJEU and other tendering documentation does not commit the Council to taking any projects through the *hubco*, while taking part may provide a valuable funding and development option in the future together with potential development cost reductions through the expected efficiencies generated through working through the *hubco* model.

**8.3** It is recommended that Committee agrees to take part in the procurement of a private sector development partner and that a report will be provided to a future Tendering Committee regarding the outcome of the procurement.

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**David McMillan**  
**Chief Executive**  
**Date: 6 January 2011**

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**Appendix:** West Territory hub Programme – Summary of Milestones

**Background Reports:** Council Report 28 April 2010: Scottish Futures Trust – Development of the hub initiative

**Wards Affected:** All