

4. Commercial Case

The Commercial Case provides evidence on the commercial viability of the proposed scheme and the procurement strategy. It should clearly set out the financial implications of the procurement strategy. It presents evidence on risk allocation alongside implementation timescales and details of the capability and skills of the delivery team.

4.1 Commercial Viability

Please outline the approach taken to assess commercial viability.

The commercial viability of the South East Blackburn scheme has been assessed under the headings:

- Procurement Strategy;
- Identification of Risk;
- Risk Allocation; and
- Contract Management

4.2 Procurement Strategy

Please summarise potential procurement options available (e.g. partnership, framework, new competitive tender). Details of the intended procurement strategy and the rationale behind selecting it should be provided.

Blackburn with Darwen Borough Council are mindful of the need to secure best quality and best value for money when developing the procurement strategy for the South East Blackburn scheme.

The scheme has been procured through the Blackburn with Darwen Contractor & Development Framework. The framework has previously been tendered resulting in the appointment of 5 delivery partners comprising Barnfield Construction, Casey, Eric Wright Group (EWCW), I&H Brown and Seddon to help deliver development, infrastructure projects and capital programmes across the borough.

The Framework includes all activities necessary to deliver completed developments, buildings and infrastructure, including acquisition or disposal of land for development, development or project finance; obtaining statutory permissions including planning permission; supply chain procurement and management, design services, construction works, marketing and sales.

The procurement exercise has now been concluded and there is a preferred main contractor to deliver the scheme (Casey's). The framework mini-competition yielded three tender returns which have been evaluated on a quality / price basis.

Formal approval for appointing the main contractor is delegated through the provisions contained within the Framework. Contract acceptance documentation will be issued on 9th March 2020 following confirmation of Full Approval from the LEP on 21st February 2020.

4.3 Identification of Risk

Please outline the main commercial risks associated with the scheme (e.g. at-risk funding (capital and revenue)) and what strategy is in place to monitor and review these risks.

The risk management strategy is outlined in Section 5.7. There is a detailed risk register for each scheme element (see Appendix D).

<p>4.4 Risk Allocation</p> <p><i>Please describe how the risks identified in section 4.3 will be apportioned and shared to demonstrate that risks are allocated to the organisation / body best placed to manage them to ensure cost effective delivery.</i></p>	<p>Blackburn with Darwen Borough Council has been identified as the body best placed to manage the risks and deliver the project, given their close involvement in the development and delivery of the schemes. As such it will carry most of the risk. Where appropriate risks will be allocated to its delivery partner Capita.</p> <p>The Project Board has overall responsibility for governance and risk associated with the delivery of the scheme and will meet on a quarterly basis. The Project Executive is responsible for managing and overseeing the Risk Management Strategy and where appropriate agreeing and undertaking actions to mitigate key risks. The Project Manager is responsible for maintaining and updating a Quantified Risk Register and undertaking actions to mitigate the risks that do not require escalation to the Project Executive.</p> <p>The project governance structure, as outlined in Section 5.1, includes arrangements for decision making and approvals, and information on roles and responsibilities such that responsibilities with regard to risk are well defined. In line with PRINCE2 principles a clear management, reporting and delivery structure is in place utilising the experienced design and operations teams within Blackburn with Darwen Borough Council.</p>
---	--

4.5 Contract Management

Please explain the contractual arrangements for delivering the proposed scheme. A high-level overview of the implementation timescales should be included (append MS Project Programme, if preferred).

Projects to be undertaken through the Blackburn with Darwen Contractor & Development Framework are classified under three work categories as indicated below:

Work Category Reference	Work Category Title	Work Category Scope (Brief description ¹)
1.	Civil Engineering Projects (using NEC3 Contract documents)	a) Delivery of civil engineering schemes including new roads/junctions, road/junction improvements, car parks, flood or drainage schemes, site remediation, site public realm/landscape schemes, traffic calming schemes, section 278 schemes and associated professional services. b) Delivery of planned and reactive highway maintenance works supporting the Council's Direct Service Organisation (DSO) and associated professional services.
2.	Construction Projects (using JCT Contract documents)	a) Delivery of new build schemes as part of the Council's Capital, Growth and Education Programme and associated professional services. b) Delivery of refurbishment/remodelling schemes as part of the Council's Capital, Growth & Education Programme and associated professional services.
3.	Development Projects (using Development Contract documents)	a) Delivery of speculative commercial or residential developments including the disposal of Council owned land, either leasehold or freehold, as identified on the Council's Growth Programme. b) Delivery of non-speculative commercial or residential developments including the disposal of Council owned land, either leasehold or freehold, as identified on the Council's Growth Programme.
¹ Reference the CPV codes identified in the OJEU for a full description of the scope of works and services.		

As this scope of works for this project falls within the 'civil engineering project' category the scheme has been procured under the terms of the ECC New Engineering Contract (NEC 3) Option B (Priced Contract with Bill of Quantities).

Close working between the scheme designer and the direct works supervisor will ensure value for money and will enable a flexible approach to implementation as well as managing the allocation of sufficient resources.

Performance against programme and cost will be monitored by the Project Manager and will be reported to the board at regular intervals. The project programme is attached at Appendix L.

Commercial Case Summary

BwDBC are mindful of the need to secure best quality and best value for money when developing the procurement strategy for the South East Blackburn scheme.

The scheme has been procured through the Blackburn with Darwen Contractor & Development Framework. The procurement exercise has now been concluded and there is a preferred main contractor to deliver the scheme. The framework mini-competition yielded three tender returns which have been evaluated on a quality / price basis. The Council's Executive Board will approve the main contractor and a letter of intent will be issued. Contract acceptance documentation will be issued on 9th March 2020 following confirmation of Full Approval from the LEP on 21st February 2020.

Blackburn with Darwen Borough Council has been identified as the body best placed to manage the risks and deliver the project, given their close involvement in the development and delivery of the schemes. As such it will carry most of the risk. Where appropriate risks will be allocated to its delivery partner Capita.

Close working between the scheme designer and the direct works supervisor will ensure value for money and will enable a flexible approach to implementation as well as managing the allocation of sufficient resources.

Performance against programme and cost will be monitored by the Project Manager and will be reported to the board at regular intervals. A provisional project programme is attached at Appendix L.