

**To:** Council

**On:** 1<sup>st</sup> March 2018

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**Report by:** Chief Executive

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**Heading:** Hub West Scotland: Update to Notice of Motion 5 at Council Meeting on 28 September 2017

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1. **Summary**

- 1.1 The purpose of this report is to provide an update to Council regarding the usage of Hub West Scotland. This report will outline the relative advantages and potential risks of utilising Hub West Scotland and will provide an update on current and potential future projects.
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2. **Recommendations**

- 2.1 The Council is asked to note this report.
- 2.2 The Council is also asked to note that specific recommendations to award any contract to Hub West Scotland will be brought to future Boards for approval in accordance with the terms of our Standing Orders Relating to Contracts.
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3. **Background**

- 3.1 Hub West Scotland is a joint-venture organisation which is owned by both the public and private sectors. The procurement process to

establish the hubco for the hub West Territory was conducted in accordance with the above EU Threshold Competitive Dialogue Procedure for Services.

- 3.2 On 5 March 2012 the Finance and Policy Board agreed that Renfrewshire Council could participate in the Hub West Territory Partnering Agreements. This means that when developing the procurement strategy for infrastructure projects which encompass an element of design and build, partnership with Hub West can be considered as an option if it satisfies the requirement to achieve Value for Money, including adding social value through the project.
- 3.3 The Finance and Policy Board agreed to the principle of participation, however it was also agreed that prior to proceeding with formal appointment for Design and Build, a Contract Authorisation Report would be brought to the appropriate Board, seeking approval to enter into an agreement with Hub West Scotland for the full delivery of the project.
- 3.4 Hub West Scotland have previously delivered Johnstone Town Hall and the Community Safety Hub in Paisley.
- 3.5 On 8 November 2017, the Finance, Resources and Customer Service Policy Board agreed a recommendation to appoint Hub West Scotland to complete the initial stages of the contract for Paisley Town Hall.
- 3.6 A report will also be submitted to the Finance, Resources and Customer Services Policy Board on 28 March 2018 seeking authority to appoint Hub West Scotland as the preferred delivery partner for the construction of the new Paisley Learning and Cultural Hub.
- 3.7 At the Council meeting of 28 September 2017, a motion was agreed in the following terms:

"Renfrewshire Council notes with concern, the lack of transparency and democratic accountability when procuring contracts through West Hub Scotland or any other HubCos.

The lack of democratic control over procurement, community benefits, our construction charter, paying the living wage and blacklisting means that elected members cannot exercise their duty of scrutiny for the lifetime of a project.

Council therefore instructs officers to bring back regular update reports to the Finance, Resources and Customer Services Policy Board, and, to produce a report for Council on the advantages and disadvantages of using HubCos and comparisons made with our own procurement process."

(Item 15 – Notice of Motion 5)

3.8 Responses to the concerns raised are noted as follows:

3.8.1 Lack of transparency and democratic accountability over:

Procurement and tender: The Hub Initiative was set up by the Scottish Government and is managed on behalf of the Scottish Government by the Scottish Futures Trust. One of the stated aims of the initiative is to "Provide continuous improvement in both cost and quality in public procurement". Hub West have an established supply chain who are required to complete a Pre Qualification Questionnaire (PQQ) to qualify, if successful, the contractors are invited to complete an Invitation to Tender (ITT) for each new contract opportunity.

The PQQ includes mandatory questions, assessed on a pass fail basis in accordance with legislation, including assessing responses in relation to The Employment Relations Act 1999 (Blacklists) Regulations 2010. At ITT stage tenderers are asked about their approach to fair working practices, including opportunities for flexible working, training, equal pay and the Living Wage.

3.8.2 Community Benefits: - Hub West have their own Community Benefits Strategy, key objectives of this strategy include:

"Supporting the delivery of national and local sustainability targets; and Increasing opportunities for the delivery of community benefits, including SMEs and local companies and the employment of local people;"

Hub West have agreed to ensure that community benefits requested align to Renfrewshire Council's Community Benefits Strategy and reflect the social objectives of each individual project. The corporate procurement team will link in closely with Hub at the point of engagement and throughout the life of the contract to agree and monitor the delivery of community benefits.

3.8.3 Construction Charter: - The Council will share their Construction Charter with Hub and ask them to ensure that they include relevant Fair

Work Practices questions aligned to the core principles of the Charter within their Invitation to Tender for a main contractor.

3.9 The relative advantages of appointing Hub West as the delivery partner for select projects include:

- Reduced timescales to market as Hub West has already been through a procurement process and so is not bound by the timescales associated with OJEU procurements;
- Access to a broad range of specialist resources;
- Hub West provide project management services at competitive rates and provide open and transparent cost information from the early stages of design to ensure transparency and assist with affordability decisions;
- Procuring the project through Hub West facilitates early contractor engagement, allowing the contractor to contribute to the design process;
- Hub West Scotland have a Community Benefits Strategy aligned to national objectives, which confirms that their approach aims to support;

“the reduction of youth unemployment, individuals who are mid-long term economically inactive, reduce inequalities, address skills gaps and promote and inspire people into the construction industry.”

- Hub West Scotland will work closely with the Council to support the delivery of community benefits and to ensure that the benefits targeted for each commissioned project align to the Council’s objectives.

3.10 Potential disadvantages of utilising Hub West could include the following:

- Possible loss of direct control. To address this the Council will name a Council officer as our representative on the design team to ensure that full oversight of the project development and progress is maintained. All decisions relating to design control, programme and cost will be taken by the Council.
- Perceived additional cost of appointing Hub West to manage the project. Hub West Scotland charge a management fee of 1.53% of the cost, plus additional fees for legal services. These fees are comparable to costs of obtaining services elsewhere that the Council would need to deliver a similar project.

- 3.11 Any future recommendation to appoint Hub West Scotland to deliver a contract will be brought to the appropriate Board as a Contract Authorisation Report, specific to the individual contract.

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### **Implications of the Report**

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community/Council Planning** – None
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** –None
10. **Risk** – None
11. **Privacy Impact** – None
12. **Cosla Policy Position** – None.

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### **List of Background Papers**

None

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