

Report of Chief Officer – Resources and Strategy

Report to Director of City Development

Date: 21st March 2014

Subject: Holt Park Leisure Centre Demolition – Late Handover

Capital Scheme Number: 16724 HLC

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Adel & Wharfedale		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. During the demolition of the Holt Park Leisure Centre, which was carried out by Interserve Construction Limited (the contractor) under the terms of a PFI agreement signed 14th December 2011, the leisure centre was handed over late due to technical issues closing the old leisure centre down.
2. As per the PFI contract project agreement, clause 9, the leisure centre was to be handed over to the contractor 29 weeks prior to the planned services availability date. Technical issues caused a 10 week delay and as such, the contractor is claiming £110,110 in costs incurred.

Recommendations

3. The Chief Asset Management and Regeneration Officer is requested to give Authority to Spend £110,110 in order to meet the contractual obligation for the late handover of the Holt Park Leisure Centre.

1 Purpose of this report

- 1.1 The purpose of this report is to seek Authority to Spend £110,110 in order to meet the contractual obligation for the late handover of the Holt Park Leisure Centre.

2 Background information

- 2.1 Holt Park Active is a joint project between Adult Social Care and Sport & Active Lifestyles to provide a wellbeing centre that is accessible to the wider community and replaces the old, out of date Holt Park Leisure Centre which closed in December 2012.
- 2.2 The development of the new site and demolition of the old leisure centre support the regeneration proposals for the Holt Park area.
- 2.3 The project received £28.6m Department of Health PFI credits and achieved Financial Close on 14th December 2011.
- 2.4 The PFI project encompassed the demolition of the existing leisure centre, construction of the new Holt Park Active and facility management services for a period of 25 years.

3 Main issues

- 3.1 As per the PFI contract project agreement, clause 9, the leisure centre was to be handed over to the contractor 29 weeks prior to the planned services availability date.
- 3.2 Upon inspection at the agreed date, a number of services were identified that needed to be stopped before the contractor saw the site as being safe to demolish.
- 3.3 The capping off of these services took an additional ten weeks, mainly due to necessary reliance on external service providers and the timescales imposed.
- 3.4 The contractor wrote to the Director of City Development in July 2013 informing of the additional costs that would be incurred due to the delay in handover, causing the contractor to incur costs for staff, equipment and office accommodation.
- 3.5 The demolition works were required prior to rebuild of the centre. The works have now been completed and the site has been handed over to the Council.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Holt Park PFI Board is aware of the issues.

4.2 **Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality impact assessment was carried out for the construction of Holt Park Active and has informed the layout and facilities within the site.

4.3 **Council policies and City Priorities**

- 4.3.2 The development of Holt Park Active has contributed to the Best Council outcomes of:

- Improve the quality of life for our residents, particularly for those who are vulnerable or in poverty – through the delivery of a building that will provide activities for a wide range of people within the local community, including older people, people with learning disabilities and physically impaired ;
- Achieve the savings and efficiencies required to continue to deliver frontline services – by two services sharing a facility and programmes within the facility.

- 4.3.3 The following Best Council objectives are supported by the project:

- Supporting Communities and tackling poverty
 - supporting healthy lifestyles and getting people active
 - being more responsive to the needs of the local community
 - providing accessible and integrated services
- Delivery of the Better Lives Programme
 - Helping people to stay living at home
- Becoming a more efficient and enterprising council
 - Improving how we are organised and making best use of our assets
 - Creating flexibility and the right capacity and skills in our workforce
 - Generating income for the council

4.4 **Resources and value for money**

- 4.5 £110,110 is required to order to meet the contractual obligation for the late handover of the Holt Park Leisure Centre.

4.5.4 Capital Funding and Cash Flow.

Funding Approval :		Capital Section Reference Number :-						
Previous total Authority to Spend on this scheme	TOTAL	TO MARCH	FORECAST					
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's	
LAND (1)	0.0							
CONSTRUCTION (3)	0.0							
FURN & EQPT (5)	0.0							
DESIGN FEES (6)	0.0							
OTHER COSTS (7)	0.0							
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH	FORECAST					
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's	
LAND (1)	0.0							
CONSTRUCTION (3)	0.0							
FURN & EQPT (5)	0.0							
DESIGN FEES (6)	0.0							
OTHER COSTS (7)	110.1		110.1					
TOTALS	110.1	0.0	110.1	0.0	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH	FORECAST					
	£000's	2013 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017 on £000's	
LCC Funded	110.1		110.1					
Total Funding	110.1	0.0	110.1	0.0	0.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

4.6 Legal Implications, Access to Information and Call In

- 4.6.1 The Chief Asset Management and Regeneration Officer has the authority to make this decision under powers granted under Part 3 of the Council's Constitution.

4.7 Risk Management

- 4.7.1 The works were necessary to complete the project and are a legitimate claim according to the PFI contract.

5 Conclusions

- 5.1 The works claimed for are legitimate according to the contract and therefore the council has an obligation to fund the costs claimed for.

6 Recommendations

- 6.1 The Chief Asset Management and Regeneration Officer is requested to give Authority to Spend £110,110 in order to meet the contractual obligation for the late handover of the Holt Park Leisure Centre.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.