

**Report of:** Head of Property Maintenance

**Report to:** Chief Officer, Civic Enterprise Leeds

**Date:** 26<sup>th</sup> July 2016

**Subject: To seek Approval to Award a contract for the retiling of John Smeaton Leisure Centre pool and associated pool water circulation and decorating works**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Crossgates & Whinmoor	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. The pool at John Smeaton Leisure Centre has an urgent need for tiling repairs. The pool was over-tiled as part of the centres re-building works which took place in 2005/6. This over-tiling is now separating from the original base pool tiling in a number of areas which has resulted in partial pool closures and restrictions on the pools use.
2. The pool has remained in satisfactory operating condition up until late 2014 when large areas of the over-tiled pool started to separate from the original pool tiling which resulted in the need for urgent specialist underwater tiling repairs i.e. to negate the draining of the pool.
3. At the request of CEL's management NPS were commissioned to provide an Options Report which would fully evaluate and compare the repair options available which included to reline the pool with or to fully re-tile using traditional tiling methods.
4. After reviewing the report and in consultation with Sport and CEL management, taking into consideration NPS recommendations on cost, warranties, finishes etc. a consensus decision to re-tile the pool was confirmed.
5. As a result of NPS Option Report a DDN providing the Authority to Procure was signed off on the 27<sup>th</sup> April 2016 (Appendix II). It was decided to procure a contractor through the Yorbuild2 Framework contract for the full re-tiling of the pool to the specification provided by NPS.
6. The procurement exercise was programmed to take place May/June with a projected award date for late July which would allow for a scheme start date off early August.

7. This report seeks the authority from the Chief Officer of Civic Enterprise Leeds for Corporate Property Management (CPM) to award a contract for the retiling of John Smeaton Leisure Centre pool and associated pool water circulation and decorating works.
8. The decision to award is a Significant Operational Decision (SOD) and is therefore not subject to call in.

## **Recommendations**

The Chief Officer of CEL is recommended to approve the award of a contract for the retiling of John Smeaton Leisure Centre pool and associated pool water circulation and decorating works to the nominated contractor named in this report.

### **1.0 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to award a contract for the re-tiling of the pool and associated pool water circulation and decoration works at John Smeaton Leisure Centre.
- 1.2 The contract was procured through the Yorbuild2 Framework contract and the initial value of the scheme was anticipated to be £138,192.70 including professional fees.
- 1.3 On completion of the full tender exercise which involved competitive submissions from three specialist sub-contractors it was found that the lowest bid submitted was £145,384.73 and with professional fees the value of the scheme would now be £176,424.66.
- 1.4 As a result of this variation, approval was sought to incur the extra cost and a 'Variation at Contract/Tender Stage' form is attached as Appendix III. This form provides details for the difference in cost and is in compliance with FPR 4 Financial Procedure 4 Appendix F 4.1 (b) – (where the Tender Price is over 5% increase on the Authority to Spend amount, up to a maximum of £ 100,000).

### **2.0 Background information**

- 2.1 John Smeaton Leisure Centre was opened in 2006 following the demolition and rebuilding of the original centre on the same site. The new centre retained the original tiled swimming pool, balance tank, plant room and main pool circulation pipe work for re-use in the new centre.
- 2.2 Approximately 3 months prior to the new centre opening a decision was taken by the project team to over-tile the existing pool, costs were obtained for the 'over-tiling' of the pool and the works were progressed as a variation instruction to the main contract. The cost of this work was circa £90,000

- 2.3 The pool has remained in satisfactory operating condition up until late 2014, when large areas of the over-tiled pool started to separate from the original pool tiling, requiring urgent specialist underwater tiling repairs.
- 2.4 Following the completion of the recent tiling repairs a full underwater survey of the pool tiling was commissioned by CPM and this identified further areas where the tiles were separating from the original tiling.
- 2.5 The cost of underwater repairs is not sustainable for large scale repairs and further recent problems with the over-tiling have necessitated partial closure of the pool for customer safety reasons.
- 2.6 Alternative methods of repair to overcome the current tiling problems have been considered, including lining the pool tank with a membrane, however such method of repair require the pool tiling to be structurally sound. Given the current situation with lifting tiles this was not considered to be a viable option.
- 2.7 A decision was taken in April 2016 to procure a contractor through the Yorbuild2 Framework contract for the full re-tiling of the pool. Norfolk Property Services (NPS) produced the specification for the full re-tiling of the pool which includes the full removal of all current over-tiling and original tiles to ensure that the new tiling has a satisfactory base material for adhesion.
- 2.8 The tender evaluation methodology was approved with a weighting of 80% price and 20% quality.
- 2.9 Provisional tender dates were agreed to coincide with arrangements made with Sport's management for the closure of the pool facility (wet side) which allowed the work to commence July/September 2016 with an anticipated completion date being set for late September/October 2016.

### **3.0 Main issues**

- 3.1 CPM require a contract for the re-tiling of the pool at John Smeaton Leisure Centre, the estimated value of the scheme is £138,192.70 (including NPS's and Procurement fees).
- 3.2 NPS were commissioned to produce the specification and tender documents which will be used to procure the contractor through the Yorbuild2 Framework contract.
- 3.3 The Yorbuild2 framework is the Council's approved framework to be used for such works. All of the organisations appointed a place on this agreement have already been through a robust procurement exercise. This means the Council can simply carry out an Expression of Interest (EOI) exercise with prequalified contractors on the relevant framework lot for a scheme of this size and then issue a tender to those who have responded positively to the EOI.
- 3.4 The estimated contract value is below the OJEU Works threshold of £4.1m European Regulations for works contracts and is therefore not subject to Public Contract Regulations. However, the Council's Contract Procedure Rules as well as the principles of the regulations in terms of fairness, transparency and best value will apply.

- 3.5 By utilising the YORbuild2 framework the Council can engage with the market swiftly and ensure that proposed construction works can be carried out to schedule. As the contractors have already been prequalified there is no need to carry out a Pre-Qualification Questionnaire, further enhancing the agility of this option.
- 3.6 It has been agreed and approved that the evaluation of the tender submission's pricing document will carry 80% of the overall score.
- 3.7 The quality questionnaire consists of a number of questions that will identify those contractors who have the experience and capacity of meeting the specification of such a contract. The evaluation of the quality questionnaire will carry 20% of the overall score.
- 3.8 The tender evaluation of the submissions will identify the overall highest scoring contractor who will be awarded the contract.
- 3.9 The tender process commenced in April 2016, with the establishment of a project team. The project team comprised of representatives from Corporate Property Management, PPPU and NPS.
- 3.10 An expression of interest was posted on Yorbuild2 on 7<sup>th</sup> April 2016 and closed on 22<sup>nd</sup> April 2016. This produced five responses from interested contractors. The five contractors who expressed an interest were:-
1. Berman Building Co Ltd
  2. Hobson and Porter Ltd
  3. JP Developers Limited
  4. R H Fullwood & Co Ltd
  5. William Birch & Sons Ltd
- 3.11 The tender documents which included a Quality Submission and a Pricing Schedule for the works was issued through Yorbuild2 on 12<sup>th</sup> May 2016 to the five contractors who had expressed an interest in the scheme.
- 3.12 The closing date for the returned of the tenders was Wednesday 8th June 2016 and three contractors provided submissions. The three contractors that tendered for the scheme were:-
1. Berman Building Co Ltd
  3. JP Developers Limited
  4. R H Fullwood & Co Ltd
- 3.13 The project team were issued for evaluation the quality submissions and pricing schedules submitted by each contractor in support of their bids to undertake the works.
- 3.14 The results of the quality and pricing evaluation for each of the contractors are provided in NPS Tender Report June 2016 (Appendix II). The report details the overall final scores from the quality and pricing evaluations for each of the contractors and the results were as follows:-

1. Bermar Building Co Ltd – Total Score 94.2/100 – Ranked 1<sup>st</sup>.
  2. R H Fullwood & Co Ltd – Total Score 85.70/100 – Ranked 2<sup>nd</sup>
  3. JP Developers Limited – Total Score 72.20/100 – Ranked 3<sup>rd</sup>.
- 3.15 The NPS Tender Report confirms, subject to the necessary LCC approvals that the bid by Bermar Building Co Ltd can be accepted as the most competitive in terms of competitiveness in cost, technical capability and capacity to carry out the work.
- 3.16 An insurance backed guarantee (IBG) was required as part of the specification. This requirement however was not evidenced in the bids received, or through further clarifications. All of the bidders were given a further opportunity to include this requirement and were unable to supply this type of guarantee.
- 3.17 After this opportunity both Bermar Building Ltd. and R H Fullwood & Co Ltd were able to source an IBG and have provided costs to that affect. When these are added to their tender scores the rankings are as follows:
1. Bermar Building Co Ltd – Total Score 94.1/100 – Ranked 1<sup>st</sup>.
  2. R H Fullwood & Co Ltd – Total Score 83.8/100 – Ranked 2<sup>nd</sup>

#### **4.0. Tender and Price Reconciliation.**

- 4.1 The Pre-Tender Estimate (PTE) prepared by NPS for the works contained within the scheme was £125,178.91 which was below the range of the three submitted tenders.
- 4.2 The lowest tender figure of £145,384.73 is 16% above the estimate. The main reason for this is the difference between the value of the preliminaries contained within the lowest tender and the PTE. The value of the measures works of the lowest tender is within that of the PTE.
- 4.3 As a result of this variation approval was sought to incur the extra cost and a – ‘Variation at Contract/Tender Stage’ form approved in compliance with FPR 4 Financial Procedure 4 Appendix F 4.1 (b) – (where the Tender Price is over 5% increase on the Authority to Spend amount, up to a maximum of £ 100,000).

#### **5.0 Corporate Considerations**

- 5.1 It is anticipated the contract, once awarded, will be fully compliant, offering value for money and will provide the following benefits:
- Support for the local economy through encouragement of SME contractors in the procurement process and within the awarded contract.
  - The outcomes will contribute towards the quality of living within Leeds in that it will ensure that the provisions of leisure facilities are maintained.

## **6.0 Consultation and Engagement**

- 6.1 Discussions have been held with LCC's PPPU, Sports Management and NPS.
- 6.2 The decision to tender the contract has been discussed and the contract scope agreed with both PPPU and Sport Management who manage the site facilities.

## **7.0 Equality and Diversity / Cohesion and Integration**

- 7.1 An equality, diversity and cohesion screening document has been undertaken and it is not considered that the content of this report or the recommendations made will have any impact on any specific group or individuals.

## **8.0 Councils Policies and City Priorities**

- 8.1 The award of this contract was the result of the completion of a competitive tender exercise and therefore contributes to the Council's business plan by spending money wisely.
- 8.2 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such this procurement exercise was carried out in line with Leeds City Council's policies and procedures.

## **9.0 Resources and value for money**

- 9.1 The contract was formally tendered thus enabling market testing to take place and ensure best value was achieved.
- 9.2 It is proposed the project costs of be £176,424.66. which includes professional fees will be funded from CPM's Capital Program.

## **10.0 Legal Implications, Access to Information and Call In**

- 10.1 Contract Procedures requires the contract to be tendered in accordance with CPR's utilising the Council's Yorbuild2 Framework.
- 10.2 The decision to award this contract is a Significant Operational Decision and is therefore not subject to call-in.

## **11.0 Risk Management**

- 11.1 The Council has a responsibility to maintain and operate its buildings in a safe and usable condition.
- 11.2 Risk Assessments – All to LCC policy requirements

- 11.3 Design Issues – Have been agreed with NPS, Corporate Property Management and Sports management.
- 11.4 Financial Issues – Frequent monitoring will ensure the project keeps within its allocated budget
- 11.5 Service Delivery Issues – All issues to be discussed and implemented by management and contractor to ensure continual safe delivery of services during all construction works
- 11.6 Programme Issues – To be fully monitored to ensure start on site and completion dates are on time.
- 11.7 Liquidated and Ascertained Damages (LAD's) will be applied to the contract at £6,500 per week to protect the Council from any financial revenue loss should the contractor fail to complete the works within the agreed pool closure program dates.
- 11.8 Other - All work will be risk assessed and carried out using approved methods of working, and will be programmed as far as possible to minimise Health & Safety risks.

## **12.0 Conclusions**

- 12.1 A full tender exercise has been undertaken for the procurement of a contract to re-tile the pool and other associated works at John Smeaton Leisure Centre and NPS confirmed that the bid by Bermar Building Co Ltd can be accepted as the most competitive in terms of cost, technical capability and capacity to carry out the work.

## **13.0 Recommendations**

- 13.1 The Chief Officer of Civic Enterprise Leeds is recommended to approve the award of the contract to re-tile the pool at John Smeaton Leisure Centre together with associated pool water circulation works and internal decorating works to Bermar Building Co Ltd.

## **12.0 Background documents<sup>1</sup>**

- 12.1 DDN and Report for the Authority to Procure.
- 12.2 NPS Tender Report.
- 12.3 Variation at Contract/Tender Stage Form

---

<sup>1</sup> 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.