

Report of: Head of Sport & Active Lifestyles

Report to: Director of City Development

Date: 23rd June 2017

Subject: Award of contract: Aireborough Leisure Centre Phase One Refurbishment

Are specific electoral wards affected? If yes, name(s) of ward(s): Guiseley & Rawdon	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input 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: Appendix number: Appendix 1 to this report have been marked as confidential under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary of main issues

1. Following the completion of design stage 3, approval was given in March 2017 allowing the Council to undertake a procurement exercise inviting tenders for the construction work required under phase one of the improvement works at Aireborough Leisure Centre. The scope of work covered under phase one was set out in the Executive Board report presented to members at their meeting in November 2016. This exercise is now complete.
2. Authority to spend has been approved for £1.775m, made up of £1.625m council capital and £150k corporate property maintenance capital allocation.
3. This report provides details on the tenders received and the tender evaluation process and subsequently seeks approval from the Director of City Development to award the contract for works.

Recommendations

1. The Director of City Development is recommended to approve the award of contract to William Birch & Sons Ltd on/or around 25th June 2017, as a Significant Operational Decision, for the works to commence on site on 17th July 2017, to be completed by 2nd February 2018. The total value of this contract is £1,454,406.00.

1. Purpose of this report

1.1 The purpose of this report is to:

1.1.1 Document in detail the procurement and tender evaluation process undertaken to identify William Birch & Sons Ltd, as the successful contractor, for phase 1 refurbishing works at the Aireborough Leisure Centre; and

1.1.2 Obtain approval to award a contract to William Birch & Sons Ltd without delay to ensure adequate mobilisation period is available to the contractor.

2. Background information

2.1 In November 2016, members of the Executive Board approved a report, outlining the refurbishment of Aireborough Leisure Centre pool, reception, pool changing rooms, pool plant room and façade as well as the inclusion of a community hub.

2.2 The inclusion of a community hub will replace the services offered at the Guiseley library building. Civic Flavour will also be providing a café from this area.

2.3 Authority to spend has now been approved for a total of £1.775m, with the addition of pool tiling, windows and further mechanical and engineering works. This budget is to cover the full scheme costs including construction, surveys, contingencies and fees.

2.4 The Council's Joint Venture design partner 'NPS Leeds' were appointed to design, the scheme. NPS and the Council's staff have met on a fortnightly basis since this work was assigned to them in order to develop the plan.

2.5 To date the stage 3 report has been signed off which was subject to a value engineering exercise bringing the project to within the available £1.775m. Therefore, design freeze has been achieved. The latest estimated programme indicates a construction start date of 17th July 2017 and a completion date of 2nd February 2018.

2.6 In addition, the Council's Internal Service Provider (ISP), Leeds Building Services, has been commissioned to provide services required relating to electrical services which includes CCTV and alarm systems. The scope of the works required, the cost and the timescales for completion have been agreed. These works will be carried out at the same time as when the main contractor will be on site, with the main contractor overseeing the management, coordination and delivery by the ISP.

2.7 Following consultation and advice from the Projects, Programmes and Procurement Unit (PPPU), approval was given in March 2017 in line with CPR 3.1.8 to invite competitive tenders for the construction works from lot 3 (£1m to £4m range) of the YORBuild2 framework.

2.8 The Director of City Development approved the evaluation methodology and criteria prior to procurement as required by Contracts Procedure Rules 15.1.

3. Main issues

3.1 Complete tender documentation for the contract was issued to the contractors in Lot 3. Six contractors from the YORbuild2 framework lot showed an interest in tendering for the contract. Tenders were invited in late March 2017 and, bidders were invited to a one to one session with the Project team. The meetings were scheduled to take place in the middle of the tender period in order to ensure that

they understood fully what was required of them. All clarifications were issued to bidders via use of YORtender throughout the tender period, During the tender period, three organisations withdrew from participating citing reasons such as their estimator was unavailable due to other work pressures, insufficient time to bid or identifying that they didn't possess the necessary expertise required. The tender submission date was 12 noon on 19th May. Three robust tenders were submitted. .

- 3.2 The tenders were scored using a 70% price and 30% quality split. The process was overseen by a PPPU Procurement Category Manager. All information relating to this process and the weightings applied to the scoring were detailed in full within the published tender documentation.
- 3.3 No tenderers failed to attain the minimum thresholds outlined in the tender documentation relevant to the quality criteria. .
- 3.4 The evaluation criteria focussed on interaction with the public, carrying out construction work safely in a building that remains open to the public, consideration of neighbouring businesses and experience of building leisure facilities.
- 3.5 During the evaluation process, the team identified that the cost for the changing cubicles submitted by one of the tenderers was based on an alternative height specification for the cubicles that did not meet the original height requirements set out in the tender documents. The client confirmed that the proposed alternative specification was acceptable and NPS, the Council's technical advisers agreed. Therefore, the client agreed to accept the bid on this basis subject to sending out a clarification requesting all other tenderers to resubmit their prices based on the proposed alternative.
- 3.6 A clarification was issued via YORtender on Tuesday 20th June with a deadline of Thursday 22nd June requesting a price re-statement from all tenderers following the client confirming a reduction in the height of the cubicles would be acceptable.
- 3.7 All tenderers responded and the pricing element of the bid scored again.
- 3.8 Following completion of the evaluation, William Birch & Sons Ltd were identified as the most economically advantageous tender.
- 3.9 The value of the submitted tender was £1,454,406.00. Following application of the 70/30 price/quality split, their overall position was ranked 1st
- 3.10 The overall evaluation/due diligence process has not identified any significant risks in terms of awarding the contract to the successful bidder. They have both the capacity, resource and experience within this operational field of work deemed necessary to deliver the service requirement.
- 3.11 Prior to award, the preferred organisation will be assessed to ensure adequate policies are in place to support the delivery of this provision, including Insurance, Health & Safety & Safeguarding.
- 3.12 A financial check will also be carried out to ensure they are not a risk to the authority.
- 3.13 Results of this process will be kept on file. Should any issues be identified that would restrict the team from awarding these contracts to either of the providers, the award would be abandoned and the next ranked provider approached. A revised award report would be submitted at this stage.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 In November 2016, members of the Executive Board approved a report, outlining the refurbishment of Aireborough Leisure Centre pool, reception, pool changing rooms, pool plant room and façade as well as the inclusion of a community hub.
- 4.1.2 In December 2016, members of Executive Board approved a report outlining the 'Vision for Leisure and Wellbeing Centres', of which Aireborough Leisure Centre is a part.
- 4.1.3 The Executive Member for Resources and Strategy has been consulted on and is supportive of the project.
- 4.1.4 PPPU are represented on the Project Team and have provided advice throughout the procurement process. The approval to procure report was approved in March 2017 by the Director of City Development.
- 4.1.5 Customer opinion has been catalogued through the annual customer survey which concluded: 'If the impact of capital investment has a favourable impact on customer satisfaction, then the opposite can be said of the lack of investment. All centres occupying the bottom five places could argue that there is a need for significant investment in those sites.'
- 4.1.6 Extensive consultation was carried out in 2010 to establish the need for the swimming related refurbishment. This was supported by ward members at the time and reiterated in a member briefing in 2015.
- 4.1.7 Staff, users and local residents have been consulted in the run-up to design freeze and have contributed to the design decisions.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An impact assessment has been completed for sport maintenance programme. The full document is available as a Background Document, but the main issues are as follows :-
- The works should enhance disable access;
 - The works will support the need for discrete changing to encourage women, older people and families to utilise the facilities;
 - Any closures and changes to the programmes should be communicated to users and groups in methods most suitable to the groups and users in question.

4.3 Council policies and best council plan

- 4.3.1 The Best Council Plan update of 2016/17 sets Council outcomes of:
- Enjoy happy, healthy, active lives;
 - Enjoy greater access to green spaces, leisure and the arts;
- 4.3.2 Both the above outcomes are supported by the improvement of the facilities to encourage current users to keep using the leisure centres and to ensure they encourage new users to participate in sport and leisure activities.
- 4.3.3 Additionally, the project supports the priorities of;

- Supporting communities, raising aspirations – by providing improved community facilities;
- Supporting children to have the best start in life – by providing a learn to swim programme and access to community library and sport facilities;
- Promoting physical activity – by providing accessible and welcoming sport and leisure facilities;
- Supporting healthy aging – by providing appropriate activity programmes for older people.

4.4 Resources and value for money

4.4.1 The project team was kept consistent throughout the procurement process with representation from Sport & Active Lifestyles and PPPU.

4.4.2 Due diligence was undertaken on price to ensure that the contract values are realistic and sustainable.

4.4.3 The budget for the project is as follows:

- Main Contract (subject of this Tender Report): £1,443,893.67*
- LBS Direct Works (tendered separately): £114,204.33
- **Construction Sub-total: £1,558,098.00**
- Fees / surveys etc: £193,803.00
- Asbestos Survey: £3,099.00
- Asbestos Removal Risk (allowance only): £20,000.00
- **PTE Total (including Fees etc.): £1,775,000.00**

4.4.4 Therefore, the £1,454,406.00 tender is £10,512.33 (0.73%) above the estimate. This amount can be funded through the sport maintenance budget 32039/COM/000.

4.5 Legal implications, access to information, and call-in

4.5.1 This report is a subsequent decision of a previous key decision and is therefore a Significant Operational Decision and not subject to call in.

4.5.2 The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents and therefore, provided the works are still required and affordable the winning bidder must be awarded the contract. Thus, in making the final decision, the Director of City Development should be satisfied that this contract represents best value for the Council.

4.5.3 Appendix 1 to this report has been marked as confidential under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.

4.6 Risk management

4.6.1 The contract contains elements of contingency, namely:

- Concrete repairs to swimming pools: £25k provisional sum
- Concrete repairs elsewhere within the building: £25k provisional sum
- General contingency: £25k

- 4.6.2 It is recognised that the level of contingency is a low percentage (5%) of the total construction budget. However, during the next stage of the project prior to commencement of construction, the team in partnership with the appointed contractor will carry out a value engineering exercise with a view to reducing costs and any savings created will be added to the contingency fund. A target of £75k has been set but the amount of savings is subject to the availability of suitable alternative specification
- 4.6.3 It is planned to have daily site managers meetings so that disruption to the public using the building is kept to a minimum.
- 4.6.4 A Project Manager from PPPU, who is overseeing the project, is producing a contract management plan for the project in order to minimise risks to the council.
- 4.6.5 The cost to the council of delaying the re-opening of phase 1 is approximately £7K per week

5. Conclusions

- 5.1 The procurement process undertaken has been in accordance with Contracts Procedure Rules, with full guidance and support from the PPPU.
- 5.2 Following the tender evaluation of all three submissions, a clear preferred bidder has been identified as William Birch & Sons Ltd. This has taken into consideration both quality and price submission and is therefore the most economically advantageous tenders for this contract.
- 5.3 Subject to approval, it is proposed to award the contract on 25th June 2017, with a 3 week mobilisation period with the works to commence on 17th July 2017 and complete by 2nd February 2018.

6. Recommendations

- 6.1 The Director of City Development is recommended to approve the award of contract to William Birch & Sons Ltd, on/or around 25th June 2017, as a Significant Operational Decision, for the works to commence on site on 17th July 2017, to be completed by 2nd February 2018. The total value of this contract is £1,454,406.00.

7. Background documents¹

- 7.1 Confidential Appendix 1 - NPS tender report

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.