

CABINET MEETING – 19 JUNE 2013

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Washington Leisure Centre – tender, construction and contract award

Author(s):

Report of the Executive Director of Health Housing and Adult Services

Purpose of Report:

The purpose of this report is to provide Cabinet with an overview of the procurement process which has been undertaken in respect of the Design and Build (“D&B”) contract for the new replacement Washington Leisure Centre (“the Project”).

To provide a description of the successful bid including information on costs and details of the preferred bidder’s design for the Project.

To secure Cabinet’s approval to appoint Pellikaan as preferred bidder for the D&B Contract and to authorise the subsequent award of the D&B Contract.

Description of Decision: Cabinet is asked to:

- Note the outcome of the procurement process and to approve the appointment of Pellikaan as preferred bidder for the D&B Contract on the terms set out in Section 5 of this report;
- Authorise the Executive Director of Commercial and Corporate Services and the Director of Health, Housing and Adult Services to award the D&B Contract for the Project to Pellikaan on the terms set out in Section 6 of this report following satisfaction of the terms of the preferred bidder appointment;
- Authorise the Executive Director of Commercial and Corporate Services and the Director of Health, Housing and Adult Services to take all necessary steps to give effect to the matters set out in this report.

Is the decision consistent with the Budget/Policy Framework? *Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The report that went to Cabinet on 10th October 2012 set out the reasons why a significant upgrade / replacement to Washington Leisure Centre is required.

The bid returned by Pellikaan on the 3rd May contains a mix of existing and new facilities (as detailed in section 4) which supports the original business case i.e. to replace the existing facilities and also provides additional facilities e.g. 6 x 3G external floodlight football pitches, additional water flume / water features, increase in the wellness area to 100 spaces and the inclusion of approximately 100 space car parking spaces.

Leisure Facilities, Sport, Physical Activity and Wellness play a key part in helping us live longer, healthier and more active lives, regenerating estates, helping tackle crime, engage those who are 'hard to reach' and raise achievement in our schools, colleges and universities. At a local level, these services have a unique role in being able to make a positive impact on all of the City Council's Strategic Objectives of People, Place and Economy

More specifically the city's leisure facilities contribute to the following Key Outcomes;

- Improving families, children and adults' health and wellbeing
- Building and sustaining cohesive, stronger and sustainable communities
- Reducing Inequalities

Underpinning the Council's priorities and outcomes set out within the Sunderland Strategy is a vision for Sport and Physical Activity where everyone in Sunderland will have affordable access to quality sport and physical activity opportunities to improve their health and well-being at first class, community facilities throughout the city

Washington Leisure Centre is an ageing facility and the area will benefit from a replacement leisure facility to improve resident satisfaction.

The aging facility would continue to be a drain on the asset management capital budget. The approved capital investment will secure the long term sport & leisure facility provision for Washington and contribute towards the wider strategic provision of facilities in Sunderland.

Alternative options to be considered and recommended to be rejected:

The alternative options open to Cabinet are: not to appoint a preferred bidder, or not to proceed to award the D&B Contract. However, as the successful bid meets the Council's objectives in respect of the Project as outlined in the October 2012 report to Cabinet, and in view of the time and money invested in the procurement process to date and the importance of the Project, Cabinet are recommended to reject the alternative options.

Impacts analysed:

Equality ☒ Privacy ☐ Sustainability ☐ Crime and Disorder ☐

Is this a "Key Decision" as defined in the Constitution? Yes/

Is it included in the 28 Day Notice of Decisions? Yes/

Scrutiny Committee:

REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES

Washington Leisure Centre – tender, construction and contract award

1. Purpose of the Report

- 1.1 The purpose of this report is to provide Cabinet with an overview of the procurement process which has been undertaken in respect of the Design and Build (“D&B”) contract for the new replacement Washington Leisure Centre (“the Project”).
- 1.2 To provide a description of the successful bid including information on costs and details of the preferred bidder’s design for the Project.
- 1.3 To secure Cabinet’s approval to appoint Pellikaan as preferred bidder for the D&B Contract on the terms set out in this report.

2. Description of Decision

- 2.1 Cabinet is asked to:
 - (i) Note the outcome of the procurement process and to approve the appointment of Pellikaan as preferred bidder for the D&B Contract on the terms set out in Section 5 of this report;
 - (ii) Authorise the Executive Director of Commercial and Corporate Services and the Executive Director of Health, Housing and Adult Services to award the D&B Contract for the Project to Pellikaan on the terms set out in Section 6 of this report following satisfaction of the terms of the preferred bidder appointment;
 - (iii) Authorise the Executive Director of Commercial and Corporate Services and the Executive Director of Health, Housing and Adult Services to take all necessary steps to give effect to the matters set out in this report.

3. Background

- 3.1 The report that went to Cabinet on 10th October 2012 set out the reasons why a significant upgrade / replacement to Washington Leisure Centre was required.
- 3.2 On the basis of that report, Cabinet approved the commencement of an appropriate procurement process to appoint a contractor to design and build a new replacement leisure facility.
- 3.3 Following the development of the specification and the instruction to bidders the Council advertised the project in the Official Journal of the European Union ‘OJEU’. Several bidders expressed an interest in the project and they were invited to complete a Pre-Qualification Questionnaire ‘PQQ’.

3.4 The PQQ evaluation was undertaken after cabinet approval in October and throughout November/December 2012, as a result three selected bidders were issued with an Invitation to Participate in Dialogue document (ITPD) with the Council. The bidders invited to take part in the dialogue were:-

- Barr Limited
- John Graham Construction Limited
- Pellikaan Construction Limited

3.5 The dialogue commenced on 18th January 2013 and all three bidders attended an initial dialogue meeting with the Council. Following that meeting, Barr Limited withdrew from the process citing concerns around affordability. In March 2013, despite working up a proposal in some detail, John Graham Construction Limited also withdrew from the dialogue process, again citing affordability concerns.

3.5.1 The dialogue continued with the remaining bidder, Pellikaan Construction Limited, and culminated in a final presentation on 17th April at which Pelikaan set out the key features of their bid and confirmed that it met the Council's minimum requirements and was affordable. On the basis of the information presented at the final presentation, the Council was confident that it had identified a solution which met its needs, and that it had resolved all material issues relating to that solution, in particular those that impacted on price and risk had now been scoped and agreed.

3.5.2 The dialogue was therefore closed on 18th April 2013 and a call for final tenders was made by issuing an Invitation to Submit Bids to Pelikaan.

3.6 Pellikaan's bid was received prior to the deadline on 3rd May 2013. As the first stage of the evaluation process, the bid was required to meet the following thresholds in order to be considered compliant:-

- to meet the affordability envelope
- to accept the Council's draft contract in its entirety
- to meet certain health and safety standards and
- to confirm the proposed Project has a BREEAM rating of 'Very Good' as a minimum.

3.7 Once the above thresholds were met, Pellikaan's bid was evaluated by the project team against the evaluation criteria set out in the ITPD issued to bidders as follows:-

Headline Criteria and Weighting	Sub-criteria	Sub-criteria Weighting (%)
Design 65%	Architects' Response to Design Brief	20
	Desirables – Sporting facilities listed in the order of preference	15
	Materials and Specifications	10
	Area Layout Details	10

Headline Criteria and Weighting	Sub-criteria	Sub-criteria Weighting (%)
	Mechanical and Electrical Engineering Services	10
Delivery 12%	Design Management	2
	Programme	10
Social and Economic 3%	Not broken into sub-criteria	3%
Pricing 20%	Not broken into sub-criteria	20%
Totals 100%		100

4. The New Facility

- 4.1 The submission from Pellikaan locates the new facility towards the southern edge of the site boundary with the benefit of offering no disruption to the current facility and its service offering during the build programme. The site configuration has allowed the new centre to be located with adjacencies to both the Wheeled Sports Park and the Village green which reside within Princess Anne Park. Contained within the external provision six 3G outdoor floodlit 5 a side football pitches, approximately 100 car parking spaces, appropriate access for services and the inclusion for appropriate DDA car parking.
- 4.2 A key aspect of Pellikann's design is an ambition to remove the existing North, South and East West high level walkways which currently frame the existing facility with an aesthetically pleasing design, which is subject to detailed technical design and the statutory approval processes. This has the effect of opening up the site enabling clear visibility from The Galleries and through to Princess Anne Park. Should the above proposal be technically unachievable, the contractor will be requested to revert back to the original client requirement that is to re-instate the gap within the existing high level footpath left as a result of demolishing the wellness centre which is an integral part of the structure.
- 4.3 The facilities provided include:
- 6 lane 25m Pool and Learner Pool including leisure features and two hydro slides
 - 4 court Sports Hall
 - Additional multi purpose hall designed to accommodate Trampolining Training to international standard
 - 2 glass backed Squash Courts
 - Sauna and Steam Rooms with an additional relaxation area
 - Wellness Centre with 100 station gym, separate spinning facility, exercise studio and 2 consultation rooms
 - Soft play provision with connection from the ground to first floor
 - Provision of space and appropriate services to accommodate catering/retail activity
 - 6 external 3G small sided football pitches

5. Appointment of Preferred Bidder

- 5.1 Pellikaan and the Council shall agree and sign a letter which sets out the terms on which Pellikaan is appointed as preferred bidder and the issues which need to be resolved prior to contract award ("the Selected Bidder Letter").
- 5.2 The Council shall only proceed to contract award once the outstanding issues as set out in the Selected Bidder Letter are resolved. These issues include the requirement for the successful Bidder to obtain full planning permission for the Project.

6. Award of the D&B Contract

- 6.1 The D&B Contract is the industry standard Joint Contracts Tribunal Design and Build Contract 2011 Edition incorporating the Public Sector Supplement, which has been amended to include special conditions dealing with, among other things, social and economic benefits to be derived from the D&B Contract.
- 6.2 The Contract Sum of £9.8m is fixed under the Contract will increase where the Council requests changes to the Project, or where changes to the Project are required for certain reasons beyond the control of the Contractor. Agreed price fluctuations (inflationary rises) will also be added to the Contract Sum.

7. Reasons for the Decision

- 7.1 The report that went to Cabinet on 10th October 2012 set out the reasons why a significant upgrade / replacement to Washington Leisure Centre is required.
- 7.2 The bid returned by Pellikaan on the 3rd May contains a mix of existing and new facilities (as detailed in section 4) which supports the original business case i.e. to replace the existing facilities and also provides additional facilities e.g. 6 x 3G external floodlight football pitches, additional water flume / water features, increase in the wellness area to 100 spaces and the inclusion of approximately 100 space car parking spaces.
- 7.3 Leisure Facilities, Sport, Physical Activity and Wellness play a key part in helping us live longer, healthier and more active lives, regenerating estates, helping tackle crime, engage those who are 'hard to reach' and raise achievement in our schools, colleges and universities. At a local level, these services have a unique role in being able to make a positive impact on all of the City Council's Strategic Objectives of People, Place and Economy
- 7.4 More specifically the city's leisure facilities contribute to the following Key Outcomes;
 - Improving families, children and adults' health and wellbeing
 - Building and sustaining cohesive, stronger and sustainable communities
 - Reducing Inequalities
- 7.5 Underpinning the Council's priorities and outcomes set out within the Sunderland Strategy is a vision for Sport and Physical Activity where everyone in Sunderland will have affordable access to quality sport and physical activity opportunities to improve their health and well-being at first class, community facilities throughout the city

- 7.6 Washington Leisure Centre is an ageing facility and the area will benefit from a replacement leisure facility to improve resident satisfaction.
- 7.7 The aging facility would continue to be a drain on the asset management capital budget. The approved capital investment will secure the long term sport & leisure facility provision for Washington and contribute towards the wider strategic provision of facilities in Sunderland.

8. Alternative Options

- 8.1 The alternative options open to Cabinet are: not to appoint a preferred bidder, or not to proceed to award the D&B Contract. However, as the successful bid meets the Council's objectives in respect of the Project as outlined in the October 2012 report to Cabinet, and in view of the time and money invested in the procurement process to date and the weight of public expectation, Cabinet are recommended to reject the alternative options.

9. Impact Analysis

9(a) Equalities -

The project team agreed communication and consultation principles prior to the start of the procurement exercise. The Inclusive Communities Forum, which includes chairs of the Equality Forums where they are in place (Disability (DIAG), Faith (SIFF), LGBT (LGBT Practitioners Forum) were invited to provide comments for inclusion in the specification and throughout the competitive dialogue process. All comments received were included in the specification for the Project.

The final design meets DDA guidelines and building regulations, extra measures will be included by means of the equipment e.g. DDA hoists for pool side and toilets, specialist DDA equipment for the wellness (Gym) area.

The equality assessment template has been drafted and is appended to this report. The equality assessment template will be developed as the project progresses, the Strategy, Policy, Performance Management team are engaged in the governance to offer assurance throughout the project.

The equalities feedback will be included within the project requirements.

- 9(b) Privacy Impact Assessment (PIA)** – Not applicable for an infrastructure development.

9(c) Sustainability

The BRE environmental assessment model (BREEAM), assessment model will be used through planning to help ensure the new build is sustainable by objectives. The Contractor has satisfied the BREEAM assessor that the building will achieve a minimum "Very Good" BREEAM rating.

- 9(d) Reduction of Crime and Disorder – Community Cohesion / Social Inclusion –**
None

10. Other Relevant Considerations / Consultations

(a) Financial Implications

- i) The Contract Sum of £9.8million fixed under the Contract will increase where the Council requests changes to the Project, or where changes to the Project are required for certain reasons beyond the control of the Contractor.
- ii) The remaining sums making up the difference between the £11.3m capital provision and £9.8m contract sum are:
 - Additional contingency provisions for the main contract
 - Enabling works to relocate the Wheeled Sports Park,
 - Design fees,
 - Internal equipment, e.g. Wellness Centre, Soft Play and other loose equipment (which will be procured separately during the build programme)
- iii) Any variations will need to be contained within the overall budget for the project of £11.3m which provides for contingency provisions or otherwise reported as part of capital reviews in order to contain costs within the Council's overall capital programme resources.
- iv) The net delegated revenue budget required to support Washington Leisure Centre is currently £493,569 per annum and is anticipated to reduce once the new facility is opened, primarily as a result of the additional income generating facilities being included in the new facility. These savings have been taken into account in medium term financial planning.

Capital

- (b) Risk Analysis** - The Risk and Assurance Logs were prepared, updated and monitored throughout the project this process will continue until the building is constructed.
- (c) Employee Implications** – None
- (d) Legal Implications** – The procurement procedure described in this report has been conducted in a manner which is consistent with the Council's obligations under The Public Contracts Regulations 2006 (as amended).

Pellikaan may require site access during the construction phase from a non-adopted highway owned by Prudential. Property Services are currently negotiating access with Prudential.

- (e) Policy Implications** – None
- (f) Health & Safety Considerations** – A Construction Design Management (CDM) Coordinator will be appointed at the earliest opportunity to ensure the project is compliant with CDM legislation and to ensure the successful bidder

takes responsibility for all health and safety considerations during design, construction and demolition.

(g) Property Implications – The property implications were considered prior to the February 2012 cabinet approval, the property implication remains unchanged and supported.

(h) Implications for Other Services – None

(i) The Public

The following steps have been used to consult with the public from September 2012.

1. Distribute and collate comment cards to all users of the existing Leisure Facility.
2. Focus groups held with local Washington Schools
3. Focus groups held with the inclusive community group and individual groups that make up their network e.g. DIAG, LGBT etc....
4. **Washington State of the Area Event was used to communicate the proposed development and respond to residents' queries.**

The public will be consulted on programming prior to opening of the new centre.

Business continuity for existing users has been considered as part of this project; the existing facility will remain fully operational during the construction of the new leisure facility and the service will transfer on completion of the new facility.

(j) Compatibility with European Convention on Human Rights - None

(k) Project Management Methodology – The Council standard project management methodology will be followed.

(l) Children's Services - None

(m) Procurement – The Project was been advertised on the Official Journal of the European Union (OJEU) and the competitive dialogue process has been conducted in accordance with the Public Contracts Regulations 2006 (as amended).

11. Glossary

12. List of Appendices

Appendix 1 – Equality Impact Assessment

13. Background Papers

- 13.1 The following background papers were relied upon to complete this report:
Cabinet Report – Washington Leisure Centre Replacement 10 October, 2012

