

To: City Executive Board

Date: 31st March 2010

Item No:

Report of: Head of City Leisure

Title of Report: Leisure Centre Substantive works

Summary and Recommendations

Purpose of report: A report to request CEB to agree the award of contract for the Leisure Centre Substantive works

Key decision? No

Executive lead member: Councillor Bob Timbs.

Is this report to be taken in public?

Yes,

Report approved by:

Finance: Gillian Chandler

Legal: Lindsay Cane

Policy Framework:

- Leisure facilities Review
- Stronger and more inclusive communities
- Tackle Climate Change and Promote Sustainable Environmental Resource Management.
- Transform Oxford City Council by improving value for money and service Performance.

Recommendation(s):

1. That Beards tender is accepted

1 Introduction and Background:

- 1.1 On the 30th of March 2009 the Council transferred the management of its seven leisure facilities to Fusion-Lifestyle, a not for profit charitable enterprise.
- 1.2 The contract savings of circa £700,000 per annum over the life of the contract are, in part, delivered through improved quality facilities. Fusion's business case is focused on improving the quality of the facilities and by doing so attracting more people to the centres.
- 1.3 The Council is also financing £2.21m of development works and £1.7m of substantive maintenance works, which is funded from the savings achieved over the ten years that the contract has been agreed for.
- 1.4 When bidding for contracts leisure operators apply the cost for all potential maintenance risks into their submissions, this cost is then reflected in the tender price. Due to the condition and age of; Hinksey, the ice rink, Blackbird Leys Pool and Temple Cowley Pool they are seen as having high maintenance risks. As such OCC retained all planned and preventative maintenance works. As Ferry, Barton and Blackbird Leys LC are in good condition and pose far less risk; Fusion undertook a full repairing lease at these sites.
- 1.5 Urgent substantive works have now been conducted and a package of year one works have been prioritised by OCC's and Fusions property Officers. These works were priorities based on the risk of the item causing a building to close.
- 1.6 Works that will require a specialist company, such as the ice rink chiller, are being tendered separately.
- 1.7 The works tendered are made up of a wide range of substantive works; ranging from electrical improvements through to building fabric improvements. An open advert was placed and submissions were evaluated using the OCC standard scoring template, with short listed contractors then being invited to submit tenders.
- 1.8 The most competitive tender received was from Beard. Their costs are £353,588 against as budget of £499,285, £145,697 under budget.

2. Level of risk

- 2.1 OCC have a contractual obligation to Fusion to progress this work
- 2.2 Fusions business case and this management fee is based on this work being completed.

2.3 The risk register is attached to the report.

3. Climate change / environmental impact

3.1 The substantive work programme will improve the environmental operation of the leisure centres

4. Equalities impact

4.1 Equalities are integral to our procurement process

5. Financial implications

5.1 The best tender amount of £353,588 against a budget of £499,285 enables £145,697 of year two work to be added. This means the Council will potentially make a saving next year.

6. Legal Implications.

6.1 Fusion would be within their contractual rights to challenge for compensation if we do not progress these works.

7. Recommendation(s):

- That Beards tender is accepted

Name and contact details of author:

Ian Brooke
Head of City Leisure
ibrooke@oxford.gov.uk
01865252705

List of background papers:

Version number: DRAFT 1.4

Leisure Management Contract – Fusion-Lifestyle Annual Service Plan 2010/ 2011

Risk Register

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness				Current Risk	
Risk Score Impact Score: 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain						Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 =								
1	<ul style="list-style-type: none"> A delay in the process leads to building closure 	3	3	<ul style="list-style-type: none"> The tender is not accepted 	A robust procurement exercise	3	2						3	2
2	<ul style="list-style-type: none"> A challenge is put forward by an unsuccessful bidder 	2	4	<ul style="list-style-type: none"> New procurement regulations 	<ul style="list-style-type: none"> A robust procurement exercise 	2	3						2	3