

To: City Executive Board

Date: 9th June 2010 **Item No:** 13

Report of: Head of City Leisure & Head of Corporate Assets

Title of Report: Leisure Centres – Capital development and substantive maintenance works within the leisure centres

Summary and Recommendations

Purpose of report: To request that the City Executive Board delegates authority to the Executive Director of City Services to award the contract for capital development and substantive maintenance works, years two to four of the leisure management contract, at the Oxford leisure centres managed by Fusion-Lifestyle.

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: Jeremy Thomas

Policy Framework:

- Tackle inequalities and support 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 following an appropriate procurement process to select the supplier best able to deliver the work to the required standard and within budget, members note and confirm the award of contracts made by the Head of Paid Service under urgency powers in the Constitution for both the leisure capital development and year two substantive maintenance works.
2. That following an appropriate procurement process to select the supplier best able to deliver the work to the required standard and within budget; delegated authority be granted to the Executive Director of City Services to award to such suppliers the contracts of substantive maintenance works years three to four as set out in this report, to meet the Council's contractual obligations under its Leisure contract.

1 Introduction and background:

- 1.1 This report was originally included on the agenda for the CEB meeting of 26th May 2010; the meeting has been re-scheduled for 9th June 2010.
- 1.2 The key milestone for award of contracts for leisure capital development and year two substantive works is 3rd June 2010; the planned approval for delegated authority to be granted for contracts award will be passed this date.
- 1.3 Award of contracts are critical milestones to ensure that the project's are completed on time and within budget. We also need to ensure that works are programmed to minimise building closures and planned maintenance takes place at the best times in relation to service delivery.
- 1.4 Following an appropriate procurement process to select the suppliers best able to deliver the works to the required standard and within budget, there is now urgency for approval of award of contracts for both the leisure capital development (£2.21m) and year two substantive maintenance works (including £50k for the Ice Rink chiller replacement).
- 1.5 The Council has a contractual obligation with Fusion to progress these works. Failure to complete the projects on time is highly likely to incur a compensation challenge from Fusion-Lifestyle of approximately £20,000 each week of delay; creating a risk of exceeding approved budget and the Council's reputation as an organisation and partner.
- 1.6 Time being of the essence and it being impracticable to secure authority to award the contracts within timetable, the CEO using

urgency powers under the constitution made the award of critical contracts. Members are asked to note and confirm that action

- 1.7 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.
- 1.8 The contract savings of circa £700,000 per annum over the life of the contract are, in part, delivered through improved quality facilities. Fusions business case is focused on improving the quality of the facilities and by doing so attracting more people to the centres.
- 1.9 The Council is also financing £2.21million of capital development works and £1.7million of substantive maintenance works, which is funded from the savings achieved over the ten years that the contract has been agreed for.
- 1.5 The program is to carry out capital development and substantive works to the leisure facilities which are structured to support the Council's vision 'to provide a world class service for everyone'.
- 1.6 When bidding for contracts leisure operators apply a 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 Outdoor Pool, the Ice Rink, Blackbird Leys Pool and Temple Cowley Pool and Fitness Centre, they have a high maintenance risks. Reflecting this, the Council retained all planned and preventative maintenance works at these centres. As Ferry Sports Centre, Barton Pool and Blackbird Leys Leisure Centre are in good condition and pose far less risk; Fusion undertook a full repairing lease at these sites.
- 1.7 At City Executive Board (CEB) on 20 May 2009, project approval was given to the capital development works and substantive maintenance works within leisure centres, in accordance with the Project Initiation Document (PID).
- 1.8 On the 31 March 2010 CEB approved the award of the year one substantive works program, 8 March to 28 May 2010, to Beard Contractors.
- 1.9 On 15 April 2010, five organisations were shortlisted and invited to tender for the capital development works at the centres. The final tender evaluation by officers and The Clarkson Alliance (the Councils appointed Project Managers for capital development and substantive maintenance works), is expected to be complete by the end of May 2010.
- 1.10 Capital development works includes the extension of the gym and improvement to customer facing facilities at Ferry Sports Centre; realignment of the reception area and improvement to indoor changing

facilities at Blackbird Leys Leisure Centre; and addition of a new gym with improved changing facilities and access at Barton Pool.

- 1.11 The Council's key approval milestone for award of tender for capital works is the 3rd of June 2010, which is critical in achieving project completion for the beginning of November 2010.
- 1.12 The Council has a contractual obligation with Fusion to progress this capital development work on time. There may also be negative publicity for the Council for failing to deliver a project on time and within budget.
- 1.13 A package of urgent substantive works for year two has been agreed and years three and four works prioritised by the Council's and Fusions property Officers. The works are being programmed to minimise building closures, or planned maintenance not taking place at the best times in relation to service delivery.
- 1.14 In order to progress the future works without any risk of delay to the project we are now seeking approval to give delegated authority to the Executive Director of City Service to award the contract for capital development works and substantive maintenance works for years two to four which will include the replacement of the chiller plant at the Ice Rink.
- 1.15 An advert for the year two substantive works will be placed shortly. The Council will evaluate the tender and proposes an award of this contract in line with the Council's Procurement Strategy.

2. Level of risk

- 2.1 The Council's agreement with Fusion-Lifestyle creates obligations with regard to the capital development and substantive works.
- 2.2 Fusions business case and the management fee are based on this work being completed.
- 2.3 Key milestones may be missed that could result in building closures, or planned maintenance not taking place at the best of times in relation to service delivery.

3. Climate change / environmental impact

- 3.1 Capital development and substantive works will increase the life of the facilities and improve the carbon impact of the facility use. Officers are taking into account in the evaluation proposals to use of environmental products etc in accordance with our Procurement Strategy.

4. Equalities impact

- 4.1 Equalities are integral to our procurement process.

5. Financial implications

- 5.1 The Council is financing £2.21million of Capital Development works and £1.7million of substantive maintenance works, which is funded from the savings achieved over the ten years that the contract has been agreed for. These sums are included in the medium term financial strategy and included in the 2010/11 budget.
- 5.2 The works to be completed in Appendix one should be reviewed by the Salix Fund Manager in Environment Development to assess if Salix loan funding could be used to pay for any carbon saving items or work done.

6. Legal Implications.

- 6.1 It is expected for the works to be procured under NEC 3 terms.

7. Recommendation(s):

- 7.1 That following an appropriate procurement process to select the supplier best able to deliver the work to the required standard and within budget, members note and confirm the award of contracts made by the Head of Paid Service under urgency powers in the Constitution for both the leisure capital development and year two substantive maintenance works.
- 7.2. That following an appropriate procurement process to select the supplier best able to deliver the work to the required standard and within budget; delegated authority be granted to the Executive Director of City Services to award to such suppliers the contracts of substantive maintenance works years three to four as set out in this report, to meet the Council's contractual obligations under its Leisure contract.

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Appendix One - Leisure Substantive Maintenance Work - Examples

List of background papers:

Leisure Facilities Review 2009-2013
Investment Programme and Councils Substantive Works - Project initiation Document
Leisure Facilities Substantive Works programme

Version number: 1.15

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 =				
	feedback. Corporate objective: Transform OCC by improving value for money and Service performance		or knowledge to provide guidance.	structure in place. <ul style="list-style-type: none"> • Key internal officers attend monthly project board meetings. • Robust procurement and property officer relationship with the Project Managers. • Robust relationship with project partners – Fusion. • Project reviewed at a monthly Leisure Delivery Board. Attendees include the Director of City Services Finance, property, legal, leisure and procurement officers. 			2010			
CEB – 003- CL	Decisions made are not taken with due regard to the Constitution Corporate objective: Transform OCC by improving value for money and Service performance	3	3	Misinterpretation of the understanding of the best interests/urgency section of the Constitution <ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Legal approval. 	2	2	<ul style="list-style-type: none"> • Action: Reduce • Action Owner: Ian Brooke Mitigation Control Owner: Ian Brooke.	Outcome required: Council Constitution adhered to Milestone Date: 09 June 2010	

Appendix One – Leisure Substantive maintenance work

The following are an example of the type of work's programmed. This is not an exclusive list, however it does provide an example of the type of works required to comply with Health and Safety legislation, to improve the facility condition and enhance the customer experience within leisure facilities.

Electrical and mechanical works:

Ice Rink Chiller full replacement
Energy metering
Additional Lighting Controls
Additional metering
CCTV electrical survey
Intruder Alarm electrical surveys
Lightning protection system surveys
Enhance emergency lighting
Installation of fire protection
Replace External Floodlights
Refurbish Distribution Boards
Replace General Lighting
Refurbish Plant room electrics M.I.C.C.
Rewire lighting and power installation
Disabled alarm enhancements
Replace AHU Gas Heater
Pool water heating
Ice rink heat reclaim
Replace Extract Fans
Mechanical services rewiring
External lighting upgrade
Pool Filtration

Hard landscaping works:

Move broken slabs, reform sub-base and lay new slabs to rear of hall
Excavated remains of bollards and replace
Replace lighting Bollards

Building fabric works:

Replace door sets with fire doors
Replace all defective tiles & rake out defective grout
Repair plaster & replace tiles
Replace broken glass panes
Provide appropriate signage
Remove flaking paint clean & redecorate
Replace defective guttering & joints, redecorate downpipe
Remove and re-finish swimming pool linings
Replace squash court floors
Overhaul bleacher seating
Cleaning, redecorating, mending broken lockers
Survey to inspect ice pit & all mechanisms
Replace floor coverings and rubber matting coverings