

<b>Item No:</b>	<b>Classification:</b> Open	<b>Date:</b> 18 May 2016	<b>Decision Taker:</b> Strategic Director of Environment & Leisure
<b>Report title:</b>		<b>Gateway 2 Procurement Approval for the Seven Islands Leisure Centre Building Refurbishment</b>	
<b>Ward(s) or groups affected:</b>		Bermondsey/Rotherhithe	
<b>From:</b>		Director of Leisure	

### RECOMMENDATION(S)

1. That the Strategic Director of Environment & Leisure approves and awards the Seven Islands Leisure Centre Building Refurbishment contract to Jerram Falkus Construction Ltd.

### BACKGROUND INFORMATION

2. The previously approved Gateway 1 report (17 December 2015), set out the procurement process for the appointment of contractors to deliver the Seven Islands Leisure Centre building refurbishment project. 7 contractors with the necessary technical expertise were approached to bid.
3. The works comprise the complete internal fabric refurbishment of the pool hall, ground floor changing rooms, ground floor lobby and reception, vending area, spin studio and sports hall. The leisure centre will also undergo refurbishment of the Mechanical and Electrical services, this includes new air handling plant to serve the pool hall and new lighting throughout the building.

### Procurement project plan (Key Decision)

4.

Activity	Completed by/Complete by:
Approval of Gateway 1: Procurement Strategy Report	17 December 2015
Invitation to tender	16 February 2016
Closing date for return of tender	31 March 2016
Completion of evaluation of tenders	9 May 2016
DCRB Review Gateway 2: Contract award report	18 May 2016
Notification of forthcoming decision – five clear working days	25 May 2016
Approval of Gateway 2: Contract Award Report	1 June 2016
Scrutiny Call-in period and notification of implementation of Gateway 2	15 June 2016

Activity	Completed by/Complete by:
Contract award	16 June 2016
Add to Contract Register	16 June 2016
Contract start	1 August 2016
Contract completion date	9 Dec 2016

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcome

5. Six valid tenders were received to deliver the refurbishment works at Seven Islands Leisure Centre.

### Key/Non Key Decision

6. This report deals with a key decision based on the value of the contract.

### Policy implications

7. The contract provides continued support for the council's priority to improve the quality of leisure provision within the borough.

### Tender process

8. Seven companies were invited from our approved list; six companies returned a tender, with all bids being compliant. One company failed to return their tender due to a lack of project resources.

### Tender evaluation

9. The tenders were evaluated based on the most economically advantageous tender using a 70:30 price quality ratio. The quality aspects were evaluated Faithful and Gould, technical consultants appointed by Southwark Council and an officer from the Parks and Leisure team.

10. Tenderers will be asked to submit method statements as part of the Quality assessment. The method statement category and weighting was as follows:

QUALITY CRITERIA	Max Score	Weighting
1. Approach	5	6%
2. Human Resources	5	5%
3. Management Procedures	5	4%
4. Sustainability	5	4.5%
5. Design Proposals	5	4%
6. Technical Capabilities	5	3.5%
7. Sub-Contractors and Supply Chain	5	1.5%
8. External relations and community benefit	5	1.5%
Quality weighting	40	30%

**Evaluation Scoring Criteria**

<b>Score</b>	<b>Criterion for Method Statements</b>
0	Failed to submit a method statement or address the question in full.
1	A detrimental answer – a limited answer with poor supporting evidence, which lacks clarity.
2	Answer meets some, but not all of the method statement question. In part, lacks convincing evidence and understanding of the requirement.
3	Acceptable answer to the method statement. Answer is comprehensible.
4	Above acceptable – answer demonstrates real understanding and gives much more detail to the method statement.
5	Excellent answer – gives real confidence that the statement provides much more in added value, which is realistic and achievable, and gives greater understanding than that of an acceptable score.

11. Jerram Falkus Construction Ltd have been recommended for award of contract based on the quality and financial scores below:

<b>Name</b>	<b>Quality Score</b>	<b>Finance Score</b>	<b>Total Score</b>
Jerram Falkus Construction Ltd	28	63	91

**Plans for the transition from the old to the new contract**

12. NA

**Plans for monitoring and management of the contract**

13. Plans for monitoring and management of the contract are:

Faithful and Gould ("F+G")

- Project management and site supervision (by a suitably qualified project manager) of all the works to be carried out from the design stage to completion and handover/sign off. The design team will be responsible for attending and leading on regular on-site progress meetings and submitting works stage progress reports to the council indicating progress against the contract programme.
- Identify disputes and delays and suggest proactive means of resolution.
- Agree testing procedures for the lighting works with the contractor and the council. Testing and commissioning will be overseen by F+G and not signed off until all the works have been completed to the satisfaction of F+G and the council.
- To draw up, manage and monitor a risk register for the works to be carried out

The Council

- To ensure all the services to be provided by F+G and all works delivered by the contractor are carried out in a timely manner and within budget.
- To check/validate all invoices, certificate payments, and supporting invoices prior to payment including any variations to the contract.
- To attend regular meetings with F+G, the works contractor and Fusion Lifestyle/SLM to monitor progress, performance and budget expenditure.

WYG Ltd

- To monitor the lighting works from testing, completion, sign off and hand over of the health and safety file and O&M Manuals.

**Identified risks and how they will be managed**

14. The following risks, and management solutions have been identified:

<b>Risk</b>	<b>Risk Level</b>	<b>How Mitigated</b>
Project delivery delayed	Moderate	A construction programme will be assessed by Faithful and Gould to ensure that the project is deliverable against proposed programme. Programme progress will be reported to the parks and leisure programme board on a monthly bases
Overrun of costs	Moderate	The works will be undertaken in accordance with a robust specification and a fixed price contract that will be aligned to the allocated budget.
Delivering the scheme on time and within budget	Moderate	Faithful + Gould will be implementing a tight monitoring regime comprising regular updates, progress and budget meetings with the project management consultant and the appointed changing room refurbishment works contractor.

**Community impact statement**

15. Southwark leisure centres are primarily community leisure facilities that provide opportunities for local people to improve their health and well being by participating in sport and physical activity. Improvements to the environment within these facilities will have a positive impact on users as they will have been refurbished and will be accessible to all. Reducing the carbon footprint of our facilities will have a positive impact on the environment as a whole.

**Economic considerations**

16. Jerram Falkus is on the council's Works Approved List and is geographically considered to be locally based.

**Social considerations**

17. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:

- (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
- (c) Foster good relations between those who share a relevant characteristic and those that do not share it.

18. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above. The aims and objectives of this proposed procurement are intended to provide benefits for all sections of the community and it is not anticipated that any individual or group will be disadvantaged.

19. The council's intention is to include London Living Wage in this contract.

### **Environmental considerations**

20. In accordance with the council's Corporate Plan objectives to increase recycling rates, and reduce carbon emissions, the contract arrangement will include sustainability requirements that would complement the sustainability performance measures that have been incorporated into the design of the building itself.

### **Market considerations**

21. Market considerations are as follows:

- The successful tenderer is a private organisation
- The successful tenderer has over 250 employees
- The successful tenderer has a national area of activity

### **Staffing/procurement implications**

22. There are no staffing implications as the client function will be funded from the parks and leisure team's revenue budget.

### **Financial implications**

23. The award of contract for refurbishment works at Seven Islands Leisure Centre will be funded from the leisure projects capital budget.

24. The total expenditure and sources of funding for the project will be monitored and reported on as part of the overall Capital Programme for 2016/17.

25. There are no additional revenue implications expected as a result of the proposed works. If any are incurred they will be contained within the existing maintenance budgets held by the leisure business unit in the environment and leisure department.

### **Legal implications**

26. This is a works contract with a total value under the EU threshold and Contract Standing Order 5.3 applies; the report notes that five tenders were sought from the council's approved list.

27. As the tender submitted by Jerram Falkus Construction Ltd is within 15% of the value of the lowest compliant tender, the decision-maker is the relevant chief officer or under her delegated authority in line with environment and leisure's scheme of management and CSOs.

**Consultation**

28. Consultation for this contract has been undertaken between the council's leisure management provider, and leisure services, departmental finance, legal and procurement. The leisure management contractor will be the on-site co-ordinator with regard to all communications with the users and other visitors to the site. Customers to the centre have been advised that the works will be undertake. The leisure management contractor will communicate to customers that during the closure of the pool, they will be able to use facilities at the Caste, Peckham Pulse and Camberwell. The gym at Seven Islands will remain open to customers during the refurbishment.

**SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

**Head of Procurement**

29. A formal procurement concurrent is not required as the value of the contract is below the EU threshold for works.

**Director of Law and Democracy**

30. A formal legal concurrent is not required as the value of the contract is below the EU threshold for works.

**Strategic Director of Finance and Governance (CAP16/013)**

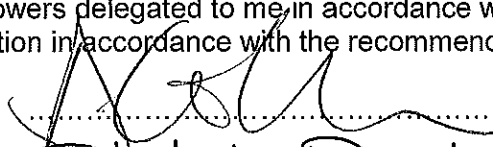
31. This report seeks the approval of the strategic director of environmental and leisure to award the contract of the Seven Islands Leisure Centre Building Refurbishment contract to Jerram Falkus Construction Ltd.

32. The strategic director of finance and governance also notes that the capital costs associated with this contract will be fully contained within the departmental capital budget for "Seven Island Leisure Centre Refurbishment" and the expenditure for this scheme will be monitored and reported as part of the overall capital programme.

33. Staffing and any other future maintenance costs connected with this contract will need to be contained within existing departmental revenue budgets.

**FOR DELEGATED APPROVAL**

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation contained in the above report.

Signature .....  ..... Date..... 14/6/16  
Designation ..... Strategic Director of Environment & Leisure .....

**BACKGROUND DOCUMENTS**

Background documents	Held At	Contact
Gateway 1 – Procurement strategy for SILC 17 December 2015	Sport and Leisure	David Nettleship

## AUDIT TRAIL

The box below is to be used for all reports **apart** from those going to Cabinet.

<b>Lead Officer</b>	Director of Leisure		
<b>Report Author</b>	John Wade, Principal Service Development Manager		
<b>Version</b>	Draft Open Version		
<b>Dated</b>	18 May 2016		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	May 2016
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Head of Procurement	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Strategic Director of Finance and Resources	Yes	Yes	
Cabinet Member	No	No	
<b>Contract Review Boards</b>			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	No	No	
<b>Date final report sent to Constitutional Support Services</b>			N/A