

Item No.	Classification: Open	Date: July 2020	Meeting Name: Strategic Director of Environment & Leisure
Report title:		Gateway 2 - Contract Award Approval Southwark Athletics Centre Building (Main Contractor) updated to include carbon reduction measures	
Ward(s) or groups affected:		Rotherhithe	
From:		Interim Head of Parks & Leisure – Tara Quinn	

RECOMMENDATION(S)

1. That the Strategic Director of Environment and Leisure approves the award of a contract to Vincent Stokes Ltd as part of a two stage design and build contract for the demolition of the existing Southwark Park Sports and Athletics Centre and construction of a new facility. The contract period will be for 60 weeks commencing on 10/08/2020.
2. That the Strategic Director of Environment and Leisure notes the outcome of the feasibility reports into making the development carbon neutral summarised in paragraphs 17 – 28. The reports confirm that with the current building design it is not possible to achieve a carbon neutral building without a full re-design. An assessment of those options that are available to retrofit the current design concludes that significant carbon reduction would only be possible at high extra cost and by extending the delivery programme.
3. That the Strategic Director of Environment and Leisure, agrees that having considered the increased costs and overall delay to the programme the recommendation in this report is to award the contract for the current design and seek to offset carbon emissions as part of a future management strategy for the building.

BACKGROUND INFORMATION

4. Southwark Sports and Athletics Centre (SSAC) is a sports facility located within Southwark Park. The facility consists of a 400m six lane athletics track, with a full compliment of track and field facilities completed in August 2016.
5. The site also houses a building which is currently in poor condition and does not deliver in terms of what would be expected of a community sports facility.
6. An investment in the building at SSAC will provide a community and school sports facility that will increase participation in physical activity and support athletics development on site.
7. In January 2017 the Strategic Director of Environment and Social Regeneration approved a Gateway 2 report to award a contract to Sports and Leisure Management (SLM) for the refurbishment of the Southwark Athletics Centre.
8. Upon award, SLM appointed Vincent Stokes as their preferred sub-contractor to carry out these works. Vincent Stokes has completed a high standard of work on

other leisure facilities within the borough and as such we had confidence in their ability to deliver the refurbishment of the athletics centre.

9. Once Vincent Stokes began detailing the design for the refurbishment works it became evident that there was an issue with the structural integrity of the building, as such; additional site and drainage investigations were carried out. The results of these investigations determined that the ground around and under the building was very poor which meant that the council had to decide upon the best way to resolve this issue.
10. In June 2017, the cabinet member approved the recommendation to proceed with demolition of the existing sports facility and provision of new single storey sports facility comprising of a free weights area, changing facilities, office and a club room – the construction of which is the subject of this report.
11. In January 2018 the Strategic Director of Environment and Social Regeneration approved a procurement strategy to enter single supplier negotiations with Vincent Stokes for a two stage design and build contract for the demolition of Southwark Athletics Centre and construction of a new facility.
12. In February 2018 the Strategic Director of Environment and Social Regeneration approved a Gateway 2 report to award the first stage pre-construction services agreement (PCSA) contract to Vincent Stokes. The recommendation was made on the basis that Vincent Stokes already had significant background knowledge and experience on the project through their work with the SLM.
13. At gateway 1 the original scope of works was limited to delivering a building with two changing rooms. This was deemed unsatisfactory and would not meet our expectations. Further design reviews took place to increase the footprint and the number of changing rooms to four. During the review process and in conjunction with advice given at pre-planning a number of changes took place which increased the cost to its current level. The major contributors for these were as follows:
 - Additional foundations to mitigate risks against flood risks
 - Additional removal of material off site (soil)
 - Additional steel fabrication to lift the building
 - Installation of shutters to protect the building
 - Reduction of glass panels and installation of brickwork to make the building more secure
 - Replacing concrete cladding in favour of more aesthetic brickwork
 - Changes to the roofline
 - BREEAM compliance in line with the Southwark Plan (Building Research Establishment Environmental Assessment Method),
14. The report noted that the contract for the main works would be subject to a separate Gateway 2 Report.
15. Under the PCSA contract, Vincent Stokes have delivered the following services:
 - Contributed to the design process
 - Advise on buildability, sequencing, and construction risk
 - Advise on the packaging of the works (and the risks of interfaces between packages)

- Help develop the cost plans and construction programme
- Help develop the method of construction
- Obtain prices for work packages from sub-contractors or suppliers on an open book basis
- Prepare a site layout plan for the construction stage showing temporary facilities
- Draft the preliminaries for specialist and trade contractor bid documents
- Provide full architectural and interior design services
- Submitted a full planning application and dealt with all matters concerning the build phase, inclusive of all construction pre conditions such as; waste disposal proposals, construction traffic movements, tree preservation protection, BREEAM compliance and flood risk.

16. Planning consent for the scheme was awarded in November 2019.

17. In line with planning requirements the current building design achieves a Building Research Establishment Environmental Assessment Method (BREEAM) rating of 'very good' and Energy Performance Certificate (EPC) rating of B.

18. Following feedback from the DCRB review of this award in January, a feasibility report was commissioned to consider the options for making the development carbon neutral.

19. The feasibility report (included at appendix 4), confirms that without a full re-design, a net zero carbon building is not possible. The report identifies package of design changes that could reduce carbon emissions by 54.2% but these would be at an additional cost and extended the programme by at least 16 weeks.

20. A follow up assessment explores smaller changes to reduce carbon emissions that might not require further technical design or planning re-submission.

21. Enhancing the internal fabric of the building to improve thermal performance, i.e. upgrading insulation to reduce heat loss, was considered. However, the more air tight a building is, the greater the risk of overheating and therefore the cooling load will increase respectively. Thus any reduction of energy consumption for heating would be accompanied by an increased cost to cool the building.

22. Implementing these changes would therefore only achieve carbon reduction of a further 0.56% and hence the report concludes that this intervention is not cost effective (appendix 5).

23. In summary the outcome of the feasibility investigations into achieving carbon reduction for the building is that based on the current design, the options available would be at a significant extra cost to the council that would not offer value for money to the council.

24. Only a full redesign would deliver a carbon neutral building.

25. Summary of options

Option	Description	% carbon reduction	Additional Cost	Added Programme
A	Current Design	8.20%	n/a	n/a

B	Full range of measures that reduce energy use and increase renewable energy supply. Includes alterations to the electrical and heating system and roof conversion for photovoltaic panels	54.2 %	YES	16 weeks design plus up to 12 weeks in planning
C	Reduction of energy use through improved thermal performance	8.76%	YES	6-8 weeks design
D	Re-design the building in its entirety	100%	Unknown	Unknown

26. The feasibility report notes that the opportunity exists to offset carbon emissions through the purchase of electricity from a green energy supplier where 100% of the electrical energy is generated through renewable technologies.

27. For the reasons set out in paragraphs 17- 27 above, it is the recommendation of this report to award the contract based on the current design and explore opportunities to offset carbon emissions as part of a future management strategy for the building.

Procurement project plan (Key Decision)

28.

Activity	Completed by/Complete by:
Briefed relevant cabinet member (over £100k)	13/06/2017
Approval of Gateway 1: Procurement Strategy Report	15/01/2018
DCRB Review Gateway 2:	07/01/2020
Notification of forthcoming decision – Five clear working days	11/08/2020
Approval of Gateway 2: Contract Award Report	29/07/2020
Contract award	03/08/2020
Add to Contract Register	10/08/2020
Contract start	10/08/2020
Publication of award notice on Contracts Finder	30/07/2020
Contract completion date	04/10/2021

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

29. This contract will deliver work to demolish the dilapidated Southwark Athletic Centre building and construct a modern new facility that provides:

- A reception / seating area with physical and visual connections to the outdoor running track.
- An exercise studio / club room accessed from reception.
- A training room to cater for the needs of sports users.
- Improved toilets and changing facilities to be accessible by users of the building and cricket / football facilities within the park.
- A building designed to integrate with the Grade II Listed park and minimises the impact on surrounding landscape and trees.

30. The new facility will increase opportunities for participation in physical activity and support the delivery of athletics and sports activities for Southwark residents.
31. The contract will deliver one of the council's Olympic capital legacy projects.

Key/Non Key decisions

32. This report deals with a key decision

Policy implications

33. The project contributes to the council's fairer future promise of revitalising neighbourhoods by improving facilities for local people. The project also contributes to the council's fairer future promise of a stronger local economy by improving the café which will increase the number of café users, and therefore increase café income
34. The customer experience will be enhanced through creation of a hub which is welcoming, attractive, safe and convenient that integrates well with the other facilities and fits attractively into the historic setting of Southwark Park. Park staff will be more visible to park users as the office will be centrally located.
35. The planning application was approved in November 2019. During the value engineering exercise we have engaged with the planning officers to ensure they approve the changes to the scheme. Once a final design has been agreed a Non Material Amendment will be submitted for approval.
36. This project is in line with the council's public health agenda to encourage healthy lifestyles by providing quality leisure services for individuals and families across the borough.

Tender process

37. The Gateway 1 approved in January 2018 established the procurement route for this contract as a single supplier negotiation for two stage design and build agreement with Vincent Stokes.
38. Since approval of the Gateway 2 report for stage 1 pre-construction service, Vincent Stokes have completed their provision of full architectural services and achieved planning consent under this agreement.
39. Vincent Stokes have issued a fixed price submission for the delivery of the build.

Tender evaluation

40. Vincent Stokes second stage tender has been evaluated and assessed by our QS Blakeney Leigh Ltd, Chartered Building Surveyors.
41. Blakeney Leigh Ltd have confirmed that the prices submitted by Vincent Stokes Ltd are within expected market range.
42. The original cost estimate at Gateway 1 (January 2018) was based on the industry standard. These costs excluded a number of items including costs uplift addressing

flood risks. The knock on effect increased cost for foundation work, additional steel beams, design changes to the brickwork and the canopy and security shutters. The planners also required that we include BREEAM as part of delivering works in line with the Southwark Plan.

Plans for the transition from the old to the new contract

43. N/A

Plans for monitoring and management of the contract

44. The construction works contract will be managed by appointed quantity surveyor who will report to the Parks and Leisure Team and ensure that the contractor complies with the specification of the contract. This will be achieved through regular site visits and site meetings.

45. On completion of the new sports facility there will be a final site meeting with the contractor, project manager and the client representative to sign off the works

Identified risks for the new contract

46.

Risk	Risk Rating	How Mitigated
Project delivery delayed due to the COVID-19 pandemic. Construction start date might be delayed if contractors are not able to undertake works in line with government guidance or supply chains are affected.	Medium	Confirmation will be sought at the pre contract meeting that that contractors are able to commence construction works whilst adhering to the current guidelines as set by Government. A Site Operating Procedure (SOP) will be required prior to commencement on site. LCO will seek confirmation that supply chains and availability of all resources including materials and sub-contractor services are able to meet project time lines
Costs	Low/Medium	The construction costs are fixed as this is a design and build project. Any construction cost risk will be borne by Vincent Stokes. QS Services have been commissioned to assist with analysing expenditure and cost control. Risk will remain on unforeseen factors such as ground conditions.
Reputation	Low	Officers will keep the project board advised during the construction process. Any

		delay or issues that arise will be reported to the project board.
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Community impact statement

47. The overall impact will be an improvement to the current provision in the park. The athletics provision will be complemented by way of providing accessible changing rooms provision to other sports played in the park such as football and cricket. The works will allow the council to deliver a programme of community athletics which will have a beneficial impact on service users. No adverse impacts on individuals or groups within the community are anticipated as a result of this contract.
48. The building design will be accessible and Disability Discrimination Act (DDA) compliant, with level access into the building. There will be provision for an accessible WC and shower

Social Value considerations

49. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

50. Vincent Stokes is on the council's works approved list and has the appropriate knowledge, experience and suitably qualified labour force to deliver this scheme.
51. Vincent Stokes will be required to pay London Living Wage rates to their staff working on this scheme.
52. Whilst Vincent Stokes do not directly manage any apprenticeship scheme the company make annual CITB contributions to support training in the industry and their main subcontractor employs local apprentices who will be involved at different stages of the project.

Social considerations

53. The activities that are planned post development are designed to engage local people and bring together the communities that surround the facility and there will be no adverse impact on equalities resulting from this project.
54. 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.

55. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equalities Duty also applies to marriage and civil partnership, but only in relation to (a) above.
56. As a condition of contract Vincent Stokes will be required to comply with the Employment Relations Act 1999 (Blacklists) Regulations 2010 by ensuring that it will not during the contract term be a party to or concur in any discriminatory employment practice which could be construed as blacklisting or boycotting any person who has sought employment with it, in breach of the Regulations.

Environmental/Sustainability considerations

57. The works will result in improvements to the local area through transforming a derelict sports facilities into high quality facilities for the benefit of the local community.
58. Where possible, materials specified in the scheme will be obtained from sustainable sources. It is the policy of the council to minimise the potentially significant impacts of their operations on the environment. Likewise the council encourages energy efficiency and promotes waste minimisation and environmentally friendly waste disposal.

Market considerations

59. Vincent Stokes employs fewer than 50 people and delivers nationally across the UK. Vincent Stokes will look to engage local sub contractors for general labouring works and will be pleased to engage and appoint companies on Southwark's approved list.

Staffing implications

60. There are no implications for staffing as the client function will be provided by the Parks and Leisure business unit. The project will be managed by Parks Officers supported by our QS Blakeney Leigh and lead architects Hadfield Cawkwell Davidson.

Financial implications

61. This Gateway 2 confirms the second stage tender award of contract in favour of Vincent Stokes at a fixed price.
62. The cost of this procurement can be contained within the overall capital budget allocation for Leisure as noted by cabinet at the meeting of 17/09/2019. Budget virements will be required between the individual projects within the overall Leisure capital budget allocation. Individual projects budgets will be aligned within the projected expenditure.
63. Once the report is approved, budget virements will be carried to facilitate robust monitoring and reporting as part of the departmental capital monitoring process.

64. Staffing and any other costs connected with this procurement to be contained within existing departmental revenue budgets.

Legal implications

65. The proposed award of the contract is consistent with the council's Contract Standing Orders and follows the procurement strategy noted in the Gateway 1 report.

Consultation

66. Consultations have taken place with key stakeholders including the Friends of Southwark Park. The Friends were concerned about the future use of the site which did not permit access to other participants of other sports to access the facility. They also raised concerns about the name of the new building which did not reflect the historical map of the park. The building should to be known as a sports centre.
67. The project delivery team has noted their concerns and will take on board their views. At Planning Committee this was noted as a condition to ensure we engage with stakeholders and commit to a 'Community Use Agreement' Condition 6 sets out this condition as follows: *'Use of the development shall not commence until a community use agreement prepared in consultation with Sport England has been submitted to and approved in writing by the Local Planning Authority, and a copy of the completed approved agreement has been provided to the Local Planning Authority. The agreement shall apply to the new sports centre and include details of pricing policy, hours of use, access management responsibilities and a mechanism for review. The development shall not be used otherwise than in strict compliance with the approved agreement'*. Colleagues in Leisure will draw up the agreement and will consult with Sport England and all stakeholders groups.
68. The naming of the new facility will be known as 'Southwark Sports and Athletics Centre'.

Other implications or issues

69. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (EL19/075)

70. This report is requesting the strategic director of Environment and Leisure to approve the contract award of the design and build contract for the demolition of the existing Southwark Park Sports and Athletics Centre and construction of a new facility to Vincent Stokes. Full details and background are contained within the main body of the report.
71. The strategic director of finance and governance notes the financial implications and also notes confirmation from the Quantity Surveyors that the price submitted by Vincent Stokes is within the expected market range.
72. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

Head of Procurement

73. No formal concurrent required as it is below the EU threshold for works

Director of Law and Democracy

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

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council’s constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).



Signature Date: 1st July 2020

Designation: Strategic Director of Environment & Leisure

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report

2. REASONS FOR DECISION

As set out in the report

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

I declare that I was informed of the conflicts of interests set out in Part B4.*

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Southwark Park Sports and Athletics Centre	160 Tooley Street, London SE1 2TZ	Max Nakrani 020 7525 1202
Link:		

APPENDICES

No	Title
Appendix 1	Gateway 1 Vincent Stokes PCSA 9 January 2018
Appendix 2	Gateway 2 Vincent Stokes PCSA February 2018
Appendix 3	Mint Report
Appendix 4 (a) & (b)	(a) Zero carbon strategy (b) Zero carbon strategy costs
Appendix 5 (a) & (b)	(a) Thermal reduction changes and costs (b) data output

AUDIT TRAIL

Cabinet Member	Rebecca Lury, Deputy Leader of the Council and Cabinet Member for Culture, Leisure, Equalities and Communities	
Lead Officer	Caroline Bruce, Strategic Director of Environment & Leisure	
Report Author	Max Nakrani – Parks Service Development Officer	
Version	Final	
Dated	July 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	3 July 2020	