

<b>+Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 21 December 2016	<b>Meeting Name:</b> Strategic Director of Environment and Leisure
<b>Report title:</b>		Gateway 2 Contract Award Approval Refurbishment of Southwark Athletics Centre	
<b>Ward(s) or groups affected:</b>		Rotherhithe	
<b>From:</b>		Director of Leisure	

## RECOMMENDATIONS

That the Strategic Director of Environment and Leisure:

1. Approves the award of a contract for the refurbishment of Southwark Athletics Centre to Sports and Leisure Management (SLM) at a contract sum totalling £1,544,630 for a period of 24 weeks commencing on 20 February 2017.
2. Approves the allocation of a project contingency totalling £36,597 which will be held within the capital project budget.

## BACKGROUND INFORMATION

3. Southwark Athletics Centre (SAC) 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.
4. 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.
5. An investment in the building at SAC will provide a community and school sports facility that will increase participation in physical activity and support athletics development on site.
6. Faithful and Gould were appointed as the lead consultants on this project and advised a five tender procurement route using the council's approved list. To that effect, a Gateway 1 report was approved by the strategic director of environment and leisure in June 2015.
7. Subsequently, the pre-tender estimate calculated by Faithful and Gould was much higher than the project budget. There was a lack of confidence that the scheme was being designed to budget and experience on previous projects had showed their pre-tender estimates were also inaccurate, this information came to light once they had provided an estimate for this project. On this basis, their appointment was terminated.
8. SLM have since been appointed as the council's leisure contractor and it has proved better value for money and more efficient to use SLM to carry out similar works to those proposed for the SAC.

9. In November 2016 the strategic director of environment and leisure approved the procurement strategy to enter into a single supplier negotiation with SLM for these works.

10. The Council and SLM are both committed to ensuring the centre is of the highest

#### **Procurement project plan (Key decisions)**

<b>Activity</b>	<b>Completed by/Complete by:</b>
Approval of Gateway 1: Procurement Strategy Report	17 November 2016
DCRB Review Gateway 2: Contract award report	21 December 2016
Notification of forthcoming decision	5 January 2016
Sign off of decision by Strategic Director	13 January 2017
Scrutiny call-in notification end / implementation	23 January 2017
Add to Contract Register	24 January 2017
Contract award	24 January 2017
Contract start	20 February 2017
Contract completion date	August 2017

#### **KEY ISSUES FOR CONSIDERATION**

##### **Description of procurement outcomes**

11. The procurement will deliver phase 2 of the Southwark Athletics Centre capital project with the refurbishment of the pavilion.

12. Investment into this scheme will increase opportunity for participation in physical activity through and support the delivery of athletics activities to be delivered on the reinstated facilities.

13. The refurbished pavilion will also provide toilet and changing facilities for park users.

14. The project forms one of the councils Olympic capital legacy projects.

##### **Key/Non Key decisions**

15. This report deals with a key decision.

##### **Policy implications**

16. This project is in line with the council's objective of encouraging healthy lifestyles by providing quality leisure services for individuals and families across the borough.

17. The project contributes to the aims of the council's Physical Activity and Sport Strategy 2014-17.

18. Planning permission for this scheme was granted in October 2016.

#### **Tender process**

19. As agreed in the approved Gateway 1 the procurement route taken was a single supplier negotiation with SLM.

#### **Tender evaluation**

20. Following the approval of the Gateway 1 report the council has worked with SLM to develop detailed budgets and plans for the works that will be undertaken.

21. As stated in the Gateway 1 report, two procurement options were assessed based on the key objective of the procurement strategy. The appointment of SLM through single supplier negotiations was the most advantageous option to meet the procurement objectives.

22. Those objectives were:

- a. Best value for money – ensuring the works are undertaken to a high standard
- b. Time to mobilise the contract and complete the works
- c. Experience in leisure centre refurbishments

23. Best value for money has been demonstrated by the fact that the pre-tender estimate developed by Faithful and Gould, based on current market rates, was £1.9m. SLM has costed this work at £1,554,630. The lower value is achieved through the sharing of the preliminary and project costs between both the council and SLM by taking on the quantity surveyor and principal designer fees.

24. The time taken to complete the project will be substantially reduced as the single supplier route has shortened the procurement timetable. SLM are the Council's term contractor carrying out works on other leisure centres in the borough which has expedited the procurement process.

25. SLM will be able to effectively manage the construction works on site as they manage the site operationally.

26. SLM's price is within the project budget and they are experts in the leisure industry able to deliver high quality work which has been demonstrated through other projects being delivered in the borough

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

27. There is no existing contract in place.

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

28. The contract shall be monitored by the project manager from the parks and leisure team.

29. Payment of invoices will be certified on satisfactory completion of works.

30. Progress meetings with the contractor shall be held where necessary to monitor progress against the programme and the budget.

31. Any significant unexpected deviance from either programme or budget shall be highlighted to relevant officers, as issues arise. A quantity surveyor will be appointed as part of this contract.

**Identified risks for the new contract**

32.

Risk	How Mitigated
Ensuring the project is completed within the allocated budget	A comprehensive monitoring regime will be implemented, comprising of regular updates and budget meetings with the contractor and quantity surveyor to ensure no additional costs are attributed to the project
Ensuring the project is completed on time	A comprehensive monitoring regime will be implemented, comprising of regular updates and progress meetings with the contractor and lead client officer to ensure delays are kept to a minimum.

**Community impact statement**

33. The overall impact will be an improvement to sports facilities in a deprived area, through provision of athletics facilities. 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.

34. The building design is accessible and DDA compliant, with level access into the building. There is provision for an accessible WC and shower in both sections of the building (gym and track users).

**Economic considerations**

35. The promotion of local economic benefit will be built into this procurement by:

- Requiring contractors to use local companies in their sub-contracting and supply chain arrangements where possible
- Should the successful contractor need to employ additional staff to deliver this contract, we request they target the local labour market

36. SLM has the appropriate knowledge, experience and suitably qualified labour force to carry out these works.

**Social considerations**

37. The contract requires compliance with the council's London Living Wage (LLW) requirements where applicable.

38. The contract will be let in accordance with section 149 of the Equality Act 2010. The council has a duty to have due regard in its decision making processes for 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.
39. 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.
40. This procurement will provide benefits for all sections of the community and will not negatively impact or disadvantage any individual or group.
41. 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.
42. There are considered to be no other equalities issues arising from the award of this contract.

#### **Environmental considerations**

43. The works specification will include provisions to protect trees and the surrounding habitat.
44. The works will result in improvements to the local area through transforming derelict sports facilities into high quality facilities for the benefit of the local community.
45. 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**

46. The successful supplier is a private organisation with a national area of activity.

#### **Staffing implications**

47. There are no implications for staffing as the client function will be provided by the Parks and Leisure business unit.

#### **Financial implications**

48. The cost of the scheme is £1,544,630 the current capital programme has a total provision of £5.9m (Cost Code: L-2200-0088) for leisure investment projects which is sufficient for the proposed contract costs.
49. The budget for this project is £1.6m and the cost of this scheme sits within this budget. The remaining budget has been allocated to deliver the design and implementation of the associated soft landscaping element of the scheme.

50. The total expenditure incurred against the capital allocation for the scheme will be monitored and reported as part of the overall Capital Programme.
51. Any future maintenance costs arising from this investment will be funded from the existing Parks and Leisure business unit's revenue budgets.

#### **Legal implications**

52. The proposed contract has been procured in line with all relevant EU and domestic legislation and with the requirements of the council's Contract Standing Orders.

#### **Consultation**

53. Consultation has taken place with the key stakeholders, including the friends of Southwark Park, local residents and council departments. Statutory consultation also took place through the planning process.
54. Additional regular consultation will be planned as required throughout the project life with users and the Council's lead member.

#### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

##### **Head of Procurement**

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

##### **Director of Law and Democracy**

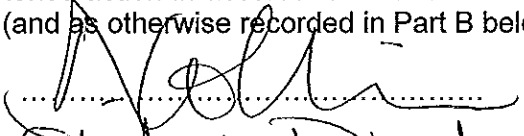
56. A formal concurrent is not required as the estimated value of the proposed contract is below the EU threshold.

##### **Strategic Director of Finance and Governance (EL16/024)**

57. This report is requesting the strategic director of environment and leisure to approve the refurbishment of Southwark Athletics Centre contract to Sports and Leisure Management (SLM) at a contract sum totalling £1,544,630. Details and background are contained within the main body of the report.
58. The strategic director of finance and governance notes the cost of the contract can be contained within the approved departmental capital programme budgets.
59. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

**PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature  Date 25/1/17  
Designation Strategic Director, Environment x 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.

<b>1. DECISION(S)</b>
As per report recommendations

<b>2. REASONS FOR DECISION</b>
As set out in the report

<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
None other than those set out in the report

<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*</b>
The approach outlined in this report was presented to Councillor Anderson during a monthly leisure programme update at one of the lead member briefings, and <i>no conflict of interest has been declared</i>

\*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.*

None

**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
Gateway 1 – Refurbishment of Southwark Athletics Centre	Parks and Leisure 160 Tooley St. SE1 2TZ	Hemali Topiwala 020 7525 0530

**APPENDICES**

No	Title
None	



## AUDIT TRAIL

<b>Lead Officer</b>	John Wade, Principal Service Development Manager	
<b>Report Author</b>	Hemali Topiwala, Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2016	
<b>Key Decision?</b>	Yes	
<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 Governance	Yes	Yes
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
<b>Cabinet</b>	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		

**BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2**

Contract Name	<b>Southwark Athletics Centre</b>
Contract Description	Refurbishment works
Contract Type	Works
Lead Contract Officer (name)	Hemali Topiwala
Lead Contract Officer (phone number)	020 7525 0530
Department	Environment and Leisure
Division	Parks and Leisure
Procurement Route	Single Source
EU CPV Code (if appropriate)	Not applicable
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	Southwark Leisure Management (SLM)
Contract Total Value	£1,544,630
Contract Annual Value	£1,544,630
Contract Start Date	February 2017
Initial Term End Date	August 2017
No. of Remaining Contract extensions	None
Contract Review Date	N/A
Revised End Date	N/A
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	N/A
Comments	None
London Living Wage	Yes

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