

Leicester
City Council

WARDS AFFECTED: NORTH BRAUNSTONE

CABINET

10th February 2003

BRAUNSTONE LEISURE CENTRE

Report of the Service Director (Cultural Services)

1 Purpose of Report

The purpose of this report is to seek agreement to the arrangements for the selection of the preferred contractor for the Braunstone Leisure Centre and to authorise the project to proceed to the Construction Stage (Stage 7) in accordance with the City Council's Project Management Standards.

2 Summary

- 2.1 In June 2002 Cabinet confirmed its support for the development of the Braunstone Leisure Centre at a total estimated cost of £9,878,741 and authorised the (then) Acting Corporate Director, in consultation with the Cabinet Members' Working Group to approve the procurement arrangements and the appointment of the technical design team. At that meeting Cabinet also approved the detailed funding package.
- 2.2 S & P Architects were appointed by the Acting Director, in consultation with the Cabinet Members' Working Group on 11th July 2002, to design the leisure centre and have worked closely with the client, and consulted with partners and with local community representatives as part of the development of the detailed design. In addition, a procurement workshop took place on the 6th November 2002 involving the technical project team and internal and external advisors to establish the most appropriate mechanism for the selection of the main contractor.
- 2.3 The procurement mechanism chosen was agreed by the Corporate Director in consultation with the Cabinet Members' Working Group on 7th November 2002 and seeks to achieve an appropriate balance between cost certainty, client control during construction and achievement of agreed project milestones.
- 2.4 Some minor revisions have been made to the funding package as detailed in the Financial Information but these do not affect the City Council's overall contribution to the Project.
- 2.5 Progress on the project remains broadly in line with the indicative timetable.

3 Recommendations

Cabinet is recommended to:

- a. Authorise the Corporate Director of Cultural Services and Neighbourhood Renewal, in consultation with the Cabinet Members' Working Group, to

approve the selection of the main contractor for the construction of the Braunstone Leisure Centre, on the basis of the most economically and advantageous tender, provided confirmation has been received from the Braunstone Community Association, Sport England and Sure Start with regard to their financial contribution to the project.

- b. To approve the revised funding package as outlined in the financial implications.
- c. Authorise the Corporate Director of Cultural Services and Neighbourhood Renewal to approve the date/arrangements for the selected contractor to take legal possession of the site.
- d. Authorise the Head of Legal Services to enter into contracts for the main contractor and to formalise legal agreements to secure funding with Braunstone Community Association, Sport England and Sure Start.
- e. Approve progression to the Project Construction phase in accordance with the City Council's Project Management Standards.

4 Financial & Legal Implications

Financial

4.1 In June 2002 the funding package was approved, as follows:

Leicester City Council - Capital Contribution	3,878,741
Leicester City Council - Receipts from Land Sales	2,000,000
Braunstone Community Association	1,000,000
Sport England	2,000,000
Land Sales to Braunstone Community Association	700,000
New Opportunities Fund	300,000
	9,878,741

4.2 However, a number of amendments have been made.

- a. The original plan included a bid to the New Opportunities Fund for £300,000 for the development of classrooms and offices to support the regeneration proposals for the redevelopment of Braunstone Park. Due to the current level of progress with the Park project and the level of uncertainty around the proposals, officers from Education and Cultural Services have taken the view that it was not possible to submit firm proposals to NOF at this stage.
- b. The ring fencing of land sales to the Braunstone Community Association will not be completed in time. Discussions are at an advanced stage, but to avoid potential disruption to the commencement of the project, it is proposed to increase the contribution from the sale of St Margaret's Baths and Granby Halls by £700,000 and exclude the ring fencing of land sales to Braunstone Community Association. The overall impact of this on the City Council's corporate resources is nil, assuming the receipts are achieved. It has the additional benefit of minimising the potential clawback by Sport England (see Supporting Information).
- c. Discussions have taken place with Sure Start for the inclusion of a children's nursery (in addition to the crèche facility). The capital cost of incorporating

the nursery will be fully funded by Sure Start who will become a tenant via a lease agreement when the centre is operational.

4.3 The effect of the above is to amend the funding package as follows:

Leicester City Council - Capital Contribution	3,878,741
Leicester City Council - Receipts from Land Sales	2,700,000
Braunstone Community Association	1,000,000
Sport England	2,000,000
Sure Start	250,000
	9,828,741

Legal

4.4 In consultation with the Head of Legal Services, the Project Management Consultants employed by the City Council (MACE Ltd) have been responsible for the placing of notices and for advising on the procurement process and selection criteria for the main contractor.

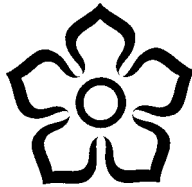
5 Officer to Contact

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DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



Leicester
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CABINET

10TH FEBRUARY 2003

BRAUNSTONE LEISURE CENTRE

SUPPORTING INFORMATION

1. History of project

1.1 Appendix 1 sets out the history of the project.

2. Procurement of Main Contractor

- 2.1 Following a successful procurement workshop involving the technical project team and internal and external advisers, the choice of procurement route for the construction works has been agreed by the Corporate Director in consultation with the Cabinet Members' Working Group. A develop and construct method, utilising a two-stage tendering process and incorporating a novation of the Council's design consultants to the contractor will be used. This choice will provide the best blend of quality of design, cost and programme certainty, together with a high quality of finish to this project. Sport England and GOEM have indicated that they are agreeable to this method.
- 2.2 This procurement route is a variant in the design and build family of contracts. The Council's design team progress the design to an advanced point where the elements of the design that the Council wishes to retain control over have been designed and specified. Thereafter the production design can be completed by contractor's own designers or by the Council's design consultants through a novation agreement (ie. the Council's designers complete the design with their appointments transferred to the contractor). Using a novation, the contractor becomes contractually responsible for the project design. Close collaboration with the contractor during the design stage will assist the search for the optimum solution for the Council and the contractor. The professional team is able to make use of the contractor's expertise when finalising the design and the contractor has an opportunity to become involved in the pre-construction planning and decision making process for the project and in establishing a solid partnership with the Council and professional team.
- 2.3 Stage 1 involves the submission of a tender price for "preliminaries" which embrace site establishment and a schedule of rates, together with stated percentage additions to reflect their overheads and profit. Additional information will be requested within the tender in support of the commercial bids demonstrating the contractor's understanding of the project and its design, the cost and programme, resourcing, and how the construction, management and supervision of the works will be achieved.
- 2.4 The second stage of the tender process (partnering stage) involves the appointed contractor working as a key member of the project team in an 'open book' process of separately tendering, negotiating and appointing each of the various

work packages with a diverse selection of specialist sub contractors and suppliers. Through this package by package approach for the whole of the works, a Contract Sum (or overall cost) for the construction of the project is established. Within the progression of the procuring of works packages during stage 2, a Guaranteed Maximum Price (GMP) can be established thereby providing for a capped construction budget figure within the overall project Cost Plan.

- 2.5 The choice of procurement methodology for the main contractor was delegated by Cabinet to the Corporate Director of Cultural Services and Neighbourhood Renewal in consultation with the Cabinet Members' Working Group. Following a detailed and thorough assessment, the decision to proceed on the basis of a 2-stage design and construct route incorporating a novation of the Council's design consultants to the contractor was given on 7th November 2002.
- 2.6 First Stage Invitation to Tender documentation was dispatched on 13th January with a return date of 10th February. It is expected that post-tender interviews and evaluation of tenders will be completed by the beginning of March 2003.

3. Project Timescale

- 3.1 Progress on the project remains broadly in line with the indicative timetable although finalising agreements with funding partners is taking longer than originally anticipated. However, it is not anticipated that this will have a major impact on the planned completion date of the project, which is October 2004. The construction of the Centre is estimated to take approximately 18 months and a detailed timetable will be established with the contractor once they have been appointed.

4. Risk Management

- 4.1 Risk Management is an important feature of all major projects and is both monitored and managed on a regular basis by the Project Team and Project Board.
- 4.2 A Risk Management Workshop was held on 6th November 2002 to review all the potential risks and the action necessary to minimise or eliminate them. This process will continue throughout the whole project management process.
- 4.3 The most significant risks at this stage are:
 - Failure to appoint a high quality building contractor capable of undertaking the work as outlined within the available budget.
 - Impact on project timescales of delays in funding partners formally confirming awards of grants to support the project.
 - Inadequate receipts from Land Sales ring fenced to support this project.
- 4.4 The first is considered a low risk given the robustness of the procurement process and the market analysis undertaken. The second is probably a medium risk in relation to achievement of project milestones, but only a low risk in respect of the project as a whole. The third is considered to be a low risk to the project.
- 4.5 All risks are monitored and action taken on a monthly basis to ensure they are proactively managed.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

1. Financial Implications

- 1.1 The Braunstone Community Association contribution of £1m has been the subject of a revised bid application, which was considered and approved by the Braunstone Community Association Board in January 2003 following a further briefing to Braunstone Community Association Directors to clarify the details of the Project. The Braunstone Community Association's decision requires confirmation from GOEM (anticipated in February 2003) and the completion of a formal agreement with the Braunstone Community Association.
- 1.2 We are continuing to work closely with Sport England with regard to their contribution of £2m aiming for completion of a final agreement by the beginning of April 2003. The main issue with Sport England is the valuation of Granby Halls and St Margaret's Baths sites estimated at £2m. Whilst Cabinet has agreed to increase the City Council's contribution to the Project by £2m instead of ring fencing the receipts from the sale of the Granby Halls and St Margaret's Baths sites, a fundamental policy of Sport England Lottery funding is to support projects that can clearly demonstrate financial need. This policy underpins the condition reserving Sport England's right to review the financial need, based on the capital receipts for the two sites as and when they are known (ie to potentially clawback receipts of up to £2m). We have taken steps to seek to remove their condition, but Sport England have formally stated that their position does not diminish Sport England's recognition that Leicester City Council has consistently demonstrated it's financial commitment to this project and has made some tough decisions in postponing reserve list projects from it's capital programme in order to underwrite the financial viability of the scheme. Whatever the outcome of the land sales, the contribution of £2m to the project is secured, and does not compromise the development of the scheme.
- 1.3 Revenue funding to operate the Centre is incorporated in the City Council's 3-year budget strategy. Final figures have yet to be agreed, but a subsidy in the region of £650,000 pa in a full year is estimated.

2. Legal Implications

- 2.1 The Project Management Company (MACE Ltd) is being asked to work closely with Legal Services over the form of the contract.

3 Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	No	
Policy	No	
Sustainable & Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	

4 Background Papers – Local Government Act 1972

Cabinet Report Braunstone Leisure Centre: Approval to Proceed' 17th June 2002

5 Consultations

Peter Nicholls (Stephen Stewart) – Head of Legal Services
Mark Noble (Jayne Tysoe) – Chief Financial Officer
Braunstone Leisure Centre Project Board
Cabinet Members' Working Group

Project Decision History

- 8/99 Braunstone area agreed as the preferred location for the new leisure centre and the preparation of a lottery bid agreed
- 1/00 Wycliffe School site agreed as the preferred location following consultation exercise
- 3/01 Demolition of Wycliffe School and funding for Project Management support agreed
- 11/01 Appointment of MACE as Project Managers and Focus Consultants to provide fundraising strategy services
- 6/02 Approval to proceed to Start up and Outline Design Stage following receipt of Stage 1 approval from Sport England for the provision of leisure centre incorporating 2 pools, 6 court sports hall, bar cafeteria, fitness suites, crèche and ancillary rooms. Funding package agreed and delegated authority given to the Director, in consultation with the Cabinet Members' Working Group, to approve the procurement arrangements and authorise the appointment of technical team.