

<b>SUBJECT:</b>	<i>Update on the Chiltern Pools replacement project</i>
<b>REPORT OF:</b>	<i>Cabinet Portfolio: Healthy Communities</i>
<b>RESPONSIBLE OFFICER</b>	<i>Head of Healthy Communities</i>
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<b>WARD/S AFFECTED</b>	

## 1. Purpose of Report

To report to provide an update of progress regarding the Chiltern Pools redevelopment project.

### RECOMMENDATIONS

The following recommendations are to be agreed by Cabinet:

1. To note the decision of the Director of Services to appoint a main contractor for the construction of the new centre under the Southern Construction Framework.
2. To agree to name the community and leisure development 'Chiltern Lifestyle Centre'.
3. To agree that Chiltern District Council would be responsible for the installation of all play facilities as part of the main construction contract
4. To note the replacement costs of the play equipment will be met by Chiltern District Council as part of the development costs of the Chiltern Lifestyle Centre.
5. To agree that Chiltern District Council would be responsible for the management and maintenance of all play facilities on its land.
6. Members to note that Amersham Town Council will be responsible for the management and maintenance of all play facilities on its land.
7. To delegate authority to the Head of Healthy Communities, in consultation with the Portfolio Holder for Support Services, to agree with Amersham Town Council the design and construction of any play areas or development facilities to be located on the Town Council's land, including the provision of play equipment, soakaways and surface water drainage systems and works access arrangements through the land swap contract.
8. Should any management and maintenance responsibilities fall upon Chiltern District Council as a result of any agreement with Amersham Town Council because it is necessary to facilitate the location of play equipment and facilities development, it is agreed those responsibilities shall be

**passed on to the leisure centre operator.**

**9. To agree to make budgetary provision for the Pre-Construction Services Agreement (PCSA) fee from the leisure reserve.**

**10. That the Head of Healthy Communities, in consultation with the Portfolio Holder for Support Services, be authorised to draw down up to £250,000 of capital funding to enable the project to progress to the next key decision stage which is the Stage 4a refinement of the design prior to Cabinet approval to proceed**

## **2. Reasons for Recommendations**

2.1 To inform Members on the current project outcomes to manage the proposed redevelopment of the Chiltern Pools.

2.2 To note the decision by the Director of Services to appoint a main contractor for the Pre-Construction Services Agreement (PCSA) under the Southern Construction Framework.

## **3. Content of Report**

3.1 Members of the Leisure Working Group have made the recommendation that the proposed development is named Chiltern Lifestyle Centre reflecting the wider recreational, learning, community and wellbeing facilities that will be offered through the operation of the centre. Cabinet is asked to confirm the name of the centre.

3.2 Heads of Terms have been agreed with Amersham Town Council in relation to the Land Swap. Access arrangements will allow the district council to manage services passing through the land.

3.3 Subject to planning and third party approvals it is proposed to undertake enabling works to relocate the play facilities, install the surface water attenuation tanks, demolish structures as necessary, ahead of the proposed development. A further report to Cabinet will be brought in relation to this matter.

3.4 The play facilities are to be re-located as detailed in appendix 1. The replacement costs of the play equipment will be met by Chiltern District Council as part of the development costs of the Chiltern Lifestyle Centre.

3.5 Where possible existing equipment will be reused and any new play provision will seek to utilise materials from site e.g. the woodland play facilities may use materials from trees felled on the site. The maintenance of the play facilities situated on Amersham Town Councils land will remain the responsibility of the Town Council.

3.6 The younger children's play area adjacent to the proposed entrance to the Chiltern Lifestyle Centre and the MUGA adjacent to the centre will be on Chiltern District Council land. To ensure the maintenance of equipment is managed sympathetically with reference to the high quality Chiltern Lifestyle Centre it is proposed that Chiltern District Council owns and manages these facilities. However the responsibility for management and maintenance of

these facilities will be transferred to the leisure operator as part of the leisure operator contract. This also avoids the complexity of leasing the land to Amersham Town Council.

- 3.7 A third round of district wide public information as to the facility mix and design, is being undertaken August through October 2018 with the last event 20<sup>th</sup> October 2018 at Chalfont Community College. Additionally the centre has been subject to design discussions and assessments by Sport England and CABE. The comments from these rounds of consultation will be considered ahead of any planning application. A full planning application is due to be submitted in October 2018 with an anticipated committee meeting January 2019.
- 3.8 The leisure operator update is the subject of a further report however the preliminary operator management fee should be available for consideration in June 2019.
- 3.9 To maximise the future opportunities to access Sport England funding for either capital or revenue funding to support increased participation in physical activity targeting the hard to reach and non-active communities a leisure activity assessment and health impact assessment should be undertaken. Once available this would assist the Councils bid for project funding from Sport England in one or more of the opportunity funding projects which may bring up to £2M funding to the district to promote physical activity.

#### **Southern Construction Framework SCF**

- 3.10 The project board considered the options for the procurement of the construction contractor. This followed an update on the previously discussed hybrid competitive two stage design and build approach which had been considered the most appropriate procurement route.
- 3.11 The Project Manager, Richard Thompson from Hadron Consulting outlined that this approach was no longer suitable for the Chiltern Lifestyle Centre scheme and advised on various procurement routes and options. This was with a view to the Council making a decision on the most appropriate procurement route to deliver the Councils objectives for the delivery of the project and the use of a framework or OJEU to procure a contractor.
- 3.12 The key criteria in coming to the conclusion that the hybrid competitive two stage design and build approach was no longer feasible considered the
- Current market and competition
  - Access to the most suitable contractors
  - Price and value
  - Cost certainty
  - Risk transfer
  - Programme
  - Procurement costs
- 3.13 The overall requirement is to ensure the procurement of the operator contract is concurrent to the procurement of the construction contract, to enable the transfer of the risk of the construction costs to the operator from the Council and maintain

control over the scheme design. The Council therefore require the construction costs to be known when deciding to appoint both contracts.

3.14 Hadrons soft market testing with wet leisure construction contractors, of the hybrid competitive two stage design and build approach identified limited interest in this model with contractors unlikely to bid reducing the competitive approach required for managing the build costs.

3.15 The recommendations from Hadron to enable the major wet leisure contractors to competitively bid was a two stage Competitive Develop and Construct procurement route, with only one contractor taken to the detailed design stage.

3.16 Hadron considered the various frameworks and summarised their findings that the Southern Construction Framework (SCF) framework enabled the following major construction companies to bid;

- BAM
- Kier
- Morgan Sindall
- Galliford Try
- Mace
- Wates
- Willmott Dixon
- Midas

3.17 SCF is a two stage procurement process; Stage 1 involves a two-part mini competition and with shortlisting and cost bidding process.

3.18 At Stage 1 the contractors are advised of the current QS cost plan and budget. The contractors are procured through the process in full knowledge that the budget cannot be exceeded. Three contractors are shortlisted to submit their overheads and profit, and Pre-Construction Services Agreement (PCSA) fee for consideration. At the end of Stage 1 one contractor would be chosen. At this point profit and overhead, design fees would be known.

3.19 At Stage 2 the contractor is appointed under a Pre-Construction Services Agreement to competitively procure the construction packages through an open book approach allowing the Councils QS full sight of the costs. If the Council QS budget figure is not achieved or bettered the project would not proceed and the PCSA fee is not payable.

3.20 The design team are still appointed by the Council until the end of Stage 2 after which they would be novated to the contractor. The Project manager and QS remain

within the employment of the Council and act for the Council through the remainder of the project.

3.21 SCF fees are within the 'not to exceed' rates of 0.2% of the construction costs. SCF would provide monthly performance reporting data which they would use to inform the Council throughout the process. The framework allows for gateway reviews and support as required by the procuring organisation.

3.22 Hadron advised that Dover District Council were currently building a leisure centre through the SCF with BAM and that Wycombe District Council had used Willmott Dixon to build their leisure centre also through this framework.

3.23 The decision to appoint the contractor is delegated to the Director of Services, who has agreed to pursue a two stage process through the SCF framework. Budgetary provision for the Pre-Construction Services Agreement (PCSA) fee is to be made from the leisure reserve.

#### **4. Consultation**

*Not Applicable*

#### **5. Options (if any)**

5.1 The options considered in deciding on a framework included;

- The interest in contractors willing to bid against
  - a competitive two stage negotiation route
  - a single stage competitive route
- Reduced programme and management costs
- Appointment of a contractor is much quicker which will support the detailed design and buildability aspects of the tender. The site is very constrained and a number of facilities will need to be kept open during construction.
- A framework can be selected that includes contractors with a track record of delivering similar projects
- A framework includes KPIs that a contractor are assessed against, which incentivises them to perform well.
- SCF framework would enable the majority of contractors to bid on a two stage approach.
- PAGABO framework would only allow three major wet contractors to bid, which is more restrictive than the SCF framework

#### **7. Corporate Implications**

*Reports must include specific comments addressing the following implications;*

*7.1 Financial - the estimated costs of the progressing the leisure centre through the development phase to completion are forecast at £3M. Currently have drawn down £1.5M (£1m from the leisure reserve and £0.5m from general capital resources) to deliver the application to the planning application stage. To enable the develop the to continue to be*

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*designed to enable the fixed design to be progressed by the contractor it is recommended that the Head of Healthy Communities, in consultation with the Portfolio Holder for Support Services, be authorised to draw down up to £250,000 of funding from the approved capital programme to enable the project to progress to the next key decision stage which is the Stage 4a refinement of the design prior to Cabinet approval to proceed.*

7.2 £150k – Pre Construction Services Agreement (PCSA) fee payable to the successful tenderer to work with the client team to develop the detailed cost plan. The relationship between Contractor and Client is formalised under the Southern Construction Contract using a pre-construction services agreement (a PCSA). This commits the Council to a level of fee (PCSA Fee) to be paid to the Contractor to cover design costs. This ensures the Council that the project is able to be built within the fixed price for the project. However, if the Council decides to walk away from the project for whatever reason, the council is not financially committed to any more than the agreed PCSA fee.

7.3 The remaining £100k is a contingency required to undertake the additional surveys and works required to discharge planning consents and to support the detailed design phase and the expenditure committed below.

7.□.1.1 Chesham and Chalfont mitigation and the costs of identifying the potential possibilities to reconfigure the existing Chiltern pools - £20,000 -£30,000

7.□.1.2 Additional Highway survey requirements £5,000

7.□.1.3 BREEAM assessment £10,000

7.□.1.4 CABE review and additional costs to the design team £11,000

7.□.1.5 Design costs arising from the land swap requirements estimated at £40,000

7.4 Legal - The Council has a legal duty to be compliant with public procurement rules and regulations. The tender for the leisure operator must be OJEU compliant

## **8. Links to Council Policy Objectives**

This links to the 'We will work towards safe and healthier local communities' aim of the CDC Aims and Objectives 2017-20.

### **Next Step**

The Stage 4a detailed design project for the development of the Chiltern Lifestyle Centre will be undertaken with a further report in 2019

<b>Background Papers:</b>	It is a legal requirement that we make available any background papers relied on to prepare the report and should be listed at the end of the report (copies of background papers for executive decisions must be provided to Democratic Services)
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