

**REPORT TO:** Cabinet

**DATE:** 5<sup>th</sup> August 2010

**SUBJECT:** Proposed Replacement Netherton Activity Centre  
Report on Tenders Received

**WARDS AFFECTED:** Ford, St.Oswald, Netherton & Orrell

**REPORT OF:** Peter Moore  
Environmental and Technical Services Director

**CONTACT OFFICER:** David Kay  
0151 934 4527

**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

This report is to advise Members of the final outcome of the tendering process and to seek approval for the acceptance of the agreed Target Cost.

**REASON WHY DECISION REQUIRED:**

To enable appointment of the successful contractor and to proceed with construction.

**RECOMMENDATION(S):**

It is recommended that:

- (i) Cabinet notes and approves the basis for project funding as set out in paragraphs 3.1 to 3.4.
- (ii) Cabinet approves acceptance of the agreed Target Cost, which together with Contingency allowance, totals £4,507,789.
- (iii) Subject to (i) and (ii) above, the Head of Corporate Legal Services be requested to enter into a formal contract with the successful contractor.

**KEY DECISION:** No

**FORWARD PLAN:** Not Appropriate

**IMPLEMENTATION DATE:** Immediately following expiry of the call in period.

**ALTERNATIVE OPTIONS:**

All alternative options have been considered and have been discounted.

**IMPLICATIONS:****Budget/Policy Framework:**

Included within the Leisure Services Capital Programme is provision for this scheme totalling £5,600,000. This funding is provided through prudential borrowing (£5,200,000) and through an 'Aiming Higher for Disabled Children' Grant (£400,000).

There is potentially a maximum £1,500,000 Section 106 contribution to the scheme in connection with the Bellway Homes' redevelopment of their Orrell Lane playing field site. This will be utilised to meet the cost of an all weather sports pitch and associated works with the balance addressing the cost of the Council's funding underwrite of works already provided for within the current proposals.

**Financial**

Details of the total financial implications are set out in paragraph 3.4 of the main report.

The overall scheme cost does not exceed the total funding available and Members are requested to authorise acceptance of the agreed Target Cost.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>	<b>2013/ 2014 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	N/A			
How will the service be funded post expiry?	N/A			

**Legal:** Not appropriate

**Risk Assessment:** Not appropriate

**Asset Management:** The proposed scheme will replace the existing building, which is currently in poor condition and will improve the leisure facilities within the local area.

The new activity centre will also provide a specialist sensory facility for children with special educational needs, and also provide office accommodation for children's services SEN staff working within the local community.

#### **CONSULTATION UNDERTAKEN/VIEWS**

The Leisure and Tourism Director have been consulted and any comments have been taken into account in preparing this report.

**FD472** – The Head of Corporate Finance & Information Services has been consulted and has no comments on this report

#### **CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

#### **LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Leisure Services Capital Programme

## **1.0 BACKGROUND**

- 1.1 The Netherton Activity Centre was a former 3-form entry Secondary School (Warwick Bolam High School), which due to falling school admissions was declared surplus to requirements as a school and closed in July 1986.
- 1.2 While it has been concluded that the range of services provided in the centre are highly regarded within the community, and important to retain for the foreseeable future, it is clear that the condition of the current building presents the most significant risk to the continuation of the service.
- 1.3 The proposed new facility will comprise a purpose built library, IT suite, community rooms, crèche, sports hall, multi use and fitness suite with associated changing facilities. The new "Jakes Sensory World" will provide visual and physical stimulation to children with profound mental or learning difficulties, and will be located on the ground floor with office accommodation for children's services SEN staff located on the first floor.
- 1.4 The existing building will be demolished on completion of the new facility and the area of the former centre will be landscaped including car parking.

## **2.0 TENDER ACTION**

- 2.1 A tender process has been carried out which, in accordance with the requirements of the European Procurement Directives a Contract Notice required details of the project to be published in the Official European Journal.
- 2.2 Details of the tendering process were reported to Cabinet at their meeting held on 15<sup>th</sup> April 2010. At this meeting Cabinet approved appointment of Conlon Construction as the "Preferred Contractor" for the scheme.
- 2.3 Subsequently the contractor has worked in conjunction with Capita Symonds and Technical Services Department to obtain competitive tenders for the specialist sub-contract work packages and establish a Target Cost for the project. Details of the agreed Target Cost are set out below.
- 2.4 The terms and conditions of the contract have been discussed and agreed including a pain / gain incentivisation package. The intention of this is to ensure that the contractor will be incentivised to minimise the potential for the target cost to be exceeded with any savings, achieved through innovation and prudent supply chain and waste management, shared on a 50:50 basis.
- 2.5 The contractor will however only receive a full share of any savings if they achieve an agreed benchmark level of performance. Key Performance Indicators (KPI's) will be used to monitor performance in areas of cost, time, health and safety and the quality of both the product and the service.

## **3.0 FINANCIAL IMPLICATIONS**

- 3.1 Included currently within the Leisure and Tourism Capital Programme is provision for this scheme totalling £5,600,000. This funding is provided through prudential borrowing (£5,200,000) and through an 'Aiming Higher for Disabled Children' Grant (£400,000)
- 3.2 There is potentially a maximum £1,500,000 Section 106 contribution to the scheme in connection with the Bellway Homes' redevelopment of their Orrell Lane playing field site.
- 3.3 Redevelopment of the Orrell Land site places an obligation on the Council to provide certain works at the Netherton Activity Centre site. Some of these requirements are already encompassed within the current proposals but there is also a requirement for the provision of

a new all weather sports pitch that is not currently included for. The cost of this is estimated at £700,000 including additional car parking requirement.

- 3.4 It is proposed that works should be progressed funded initially as set out in paragraph 3.1 above. However as the Bellway development proceeds, and the £1,500,000 Section 106 funding becomes available, then this will be utilised to meet the cost of the all weather sports pitch and associated works in the first instance with the balance being used to repay the cost of the Council's funding underwrite of works already provided for within the current proposals.
- 3.5 Subject to acceptance of the Target Cost the overall financial implications may be summarised, as follows:

**Maximum Construction Cost** **£4,507,789**

Includes agreed Target Cost and Contingency Allowance

Professional Fees	£571,588	
Other Direct Payments	£67,500	
Site Investigation Costs	£50,000	
Statutory Fees and Charges	£40,000	
Legal fees and Charges	£6,000	
Specialist Equipment to Jakes Sensory World	£100,000	
Loose Furniture and Equipment	£182,000	
Fitness Suite Equipment	£75,000	£1,092,088

**Total Scheme Costs** **£5,599,877**

- 3.6 The overall scheme cost does not exceed the total funding available and Members are requested to authorise acceptance of the agreed Target Cost.

#### 4.0 RECOMENDATIONS

It is recommended that:

- (i) Cabinet notes and approves the basis for project funding as set out in paragraphs 3.1 to 3.4.
- (ii) Cabinet approves acceptance of the agreed Target Cost, which together with Contingency allowance, totals £4,507,789.
- (iii) Subject to (i) and (ii) above, the Head of Corporate Legal Services be requested to enter into a formal contract with the successful contractor.