

APPENDIX E

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 5 OCTOBER 2010

Title:

NEW GODALMING LEISURE CENTRE

[Portfolio Holders: Cllrs Mike Band and Roger Steel]

[Wards Affected: All]

Note pursuant to Section 100B(5) of the Local Government Act 1972

Annexes to this report contain exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in paragraph 3 of the revised Part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report presents the outcome of the evaluation of tenders for the new Godalming Leisure Centre and seeks Members' agreement for the preferred contractor and site for the new centre.

How this report relates to the Council's Corporate Priorities:

Improving leisure opportunities is one of the Council's key priorities and the refurbishment of the leisure centres supports the achievement of this aim.

Equality and Diversity Implications:

Contractors' policies across a range of subjects, including equality, were considered as part of the evaluation.

Resource/Value for Money implications:

In December 2009, the Council agreed to seek tenders for a new leisure centre in Godalming and approved a capital budget for the overall Leisure Strategy, including the Cranleigh and Farnham refurbishment projects, of £11.6m. This budget was incorporated in the approved Capital Programme in February 2010. The Council also agreed an approved borrowing requirement for the leisure strategy of £7m. Members noted that the net revenue implication of the overall Leisure Strategy was an additional cost to the General Fund budget of £110,000pa in a full year. This cost is the ongoing repayment of borrowing costs, less the improved management fee that has been agreed in relation to increased income and reduced running costs from the new and refurbished facilities. This amount is in Waverley's medium term budget forecast.

The report to Members in December 2009 showed that officers were estimating that the tennis court site would be significantly more costly to build on than the current site, mainly due to the need to relocate existing facilities and to provide the necessary services to the site. At that time, sufficient funding had not been identified to deliver the tennis site within the agreed revenue cost limit. The updated financial summary following the tender evaluation is presented later in the report.

Legal Implications:

Evaluation of the tenders was undertaken in a clear, consistent and evidenced manner. Legal officers are included on the officer Project Working Group.

Background

1. In December 2009, the Council agreed to build a new leisure centre in Godalming. This decision followed extensive work by the Godalming project group, comprising existing users, Godalming councillors and Sport Godalming, to consider the best facilities mix and site options for the new centre. The group engaged specialist advisors to undertake a cost-benefit analysis on the shortlisted sites after the project group had narrowed down a large number of potential sites to four. The cost-benefit analysis identified two viable alternative sites for the Council to invite tenders on. The group also employed a local research company to undertake a comprehensive consultation with residents and users of the existing centre to identify facilities priorities. The full reports for both pieces of work were included with the December committee report.
2. The Council considered the outcome of this work and instructed officers to tender a design and build contract for a new centre on either 1) the existing site or, 2) the site adjacent to the tennis club. In April, the Council agreed the process and criteria for evaluating the tenders and site options. This process is explained in more detail later in the report.
3. Members also instructed officers to engage consultants specialising in renewable technologies and the environmental credentials of construction projects. The 'green' consultant has worked with officers to produce an environmental strategy, which tenderers must comply with in their bids, that included the requirement to submit costed options for renewable energy technology in the new centre. Once the preferred contractor is approved, officers, Members and advisors will work with the contractor to develop firmer proposals and any further approvals necessary will be the subject of a separate report to Members at a future date.

Response to Tenders

4. Members approved the list of five contractors to invite to tender. One contractor withdrew before being invited to tender so the next highest ranked company was invited in their place. Of these five, only three contractors submitted a tender.

Evaluation process and criteria

5. The two site options made the evaluation of the proposals more complicated than a standard tender evaluation. Members agreed that the evaluation should comprise the following three stages:

Stage1 - Pre-qualification and invite to tender

Stage 2 - Tender evaluation based on pre-determined criteria

Stage 3 - Site evaluation and contract award

Tender Evaluation

Members agreed that the contract evaluation should be on the basis of 50% Quality and 50% price. A range of quality criteria was agreed including internal and external design, environmental credentials and the build quality. This evaluation would provide the highest scoring scheme for each site.

Between invitation to tender and submission, each contractor was invited to meet with a range of officers and advisors to clarify the Council's requirements. Following the receipt of tender, the technical team completed a first draft evaluation based on the tender submission. Each contractor then attended a tender clarification meeting that enabled officers and advisors to seek further information to enable the tenders to be considered on an even basis. As a result of this analysis, each contractor was invited to firm up on the provisional sums within their tender and to adjust the mechanical and engineering elements and prices as none were fully compliant with the specification. All three contractors responded to this request and the additional information has been taken into account in the revised prices and scores.

Finally, contractors were required to present their scheme proposals to the Strategic Evaluation team comprising Councillor Band, Councillor Steel and the Chief Executive. Following this stage, quality scores were finalised.

Site Evaluation

This evaluation would be applied to the highest scoring tender for each site. Members agreed that the choice of site would be determined by considering a range of non-financial criteria, such as disruption to service, against the price difference between the two schemes.

The project has remained within agreed timescales throughout the tender process. However, the project plan does not allow for any protracted negotiations or planning call-in difficulties.

Evaluation Results

6. The tender prices and evaluation scores are summarised in ([Exempt](#)) [Annexe 1](#). This table shows that there is a clear front-runner for each site which is Contractor B. When these proposals are considered using the pre-determined site-evaluation process, Contractor B on the site adjacent to the tennis club emerges as the recommended scheme. The estimated construction time for this scheme is approximately 15 months.

Financial Summary

7. The table below shows the financial summary of the preferred tender and location. More details are included in (Exempt) Annexe 2.

Financial Summary of Overall Leisure Strategy

	Current Approval December 2009	Latest Estimate incorporating preferred contractor and location for new Godalming centre
Total capital cost	£11.5m	£11.3m
Total borrowing requirement	£7m	£6.7m
Additional net annual revenue cost	£110,000pa	£46,000pa

8. The table shows that the recommended scheme for the new Godalming Leisure Centre can be delivered within the approved financial limits. This is in part due to the successful delivery of the Cranleigh and Farnham schemes as this has released budget contingencies that can now be reallocated to the Godalming scheme. As part of the budget process, reconsideration of the Council's financing arrangements could deliver the Leisure Investment Strategy at nil additional revenue cost.
9. The capital cost does not include the provision of any renewable energy technology in the new Godalming leisure centre. This will be the subject of a separate report which would include a detailed financial and environmental implications.
10. Subject to Council approval, contractual negotiations will commence in line with approved procedure with a view to signing contracts early in 2011. However, the Council will require the preferred contractor to prepare and submit a planning application in October/November 2010 with variations included to accommodate potential renewable energy technology as appropriate. This will require Waverley to issue a limited order to the value of £100,000.

Update on site-related issues

11. The new alternative site option, the former grass tennis court area, that the Council approved no longer affects Godalming Lawn Tennis Club. However it now potentially affects Farncombe Wanderers Cricket Club which leases the pavilion situated within the new proposed contractor site compound. This site is also subject to restrictions enforced by the Fields In Trust organisation who oversee the requirements of the King George 5th covenant. Officers have been working with the relevant parties to seek to clarify the procedure to enable this alternative option to be pursued.
12. The primary focus has been to negotiate and reach agreement with the two key stakeholders, Farncombe Wanderers Cricket Club and Fields In Trust, to allow the option of building the new leisure centre on the adjacent tennis

courts to be considered. The recommended scheme does not require the Cricket pavilion to be moved so this will avoid disruption to the Club during the construction period. However, the tender does include a provision to make some improvements to the pavilion.

13. A summary of the negotiations with Fields in Trust is included at (Exempt) Annexe 3. Final agreement has not been reached yet and discussions are ongoing.

Recommendation

It is recommended that the Council approve:

1. that Contractor B is selected as Waverley's preferred contractor for the design and build of the new Godalming leisure Centre;
2. that the new centre is constructed on the site adjacent to the tennis club;
3. the Deputy Chief Executive in conjunction with the portfolio holders for Finance and for Leisure be given delegated authority to negotiate terms and enter into a contract with the preferred contractor
4. the Deputy Chief Executive in conjunction with the portfolio holders for Finance and for Leisure be given delegated authority to negotiate with the preferred contractor to firm up on costed options for renewable energy technology that could be incorporated within the scheme, subject to cost, and to report back to Members with proposals at a future date
5. the issue of a limited order up to the value of £100,000 for the preferred contractor to submit a planning application as soon as possible to include variations based on renewable energy technology being incorporated within the scheme
6. note that, by approving the recommended scheme, the Council's leisure commitment can be delivered within the approved financial limits
7. the Deputy Chief Executive in conjunction with the portfolio holders for Finance and for Leisure be given delegated authority to negotiate the final agreement with Fields In Trust.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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