



Haringey Council

[No.]

Agenda item:

**PROCUREMENT COMMITTEE**

**On 7<sup>th</sup> July 2009**

Report Title: Replacement of the water treatment system at Tottenham Green Leisure Centre-waiver of CSO 8.04 and award of contract under CSO 7.03 (a)

Report of : **Mun Thong Phung, Director of Adult, Culture & Community Services.**

Signed : \_\_\_\_\_

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Wards(s) affected: **Tottenham Green**

Report for: **Non Key Decision**

### **1. Purpose of the report**

To seek a waiver from the tendering procedures set out in CSO 8.04 and approval for the award of the contract under CSO 11.01(b) to the Contractor as detailed in the exempt section of this report for the replacement of the main components of the water treatment system at Tottenham Green Leisure Centre.

### **2. Introduction by Cabinet Member (if necessary)**

2.1 This is an innovative and groundbreaking project, which will not only replace and improve the quality of Tottenham Green Leisure Centre's swimming pool filtration systems, but will also make a positive impact on reducing energy utilisation and carbon emissions at the same time, while setting a new standard for future filtration upgrades over coming years.

### **3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

3.1 This report specifically relates to the Council aim of Making Haringey one of London's Greenest Boroughs, and therefore also the Council's Greenest Borough Strategy and in particular the reduction of carbon emissions.

3.2 The report will also support the Council aim of "*Delivering excellent; customer focused and cost efficient service's* specifically in relation to the potential utility cost

savings that this project will deliver.

#### **4. Recommendations**

- 4.1 That Members agree a waiver of CSO 8.04
- 4.2 That the tender in the sum as detailed in the exempt section of this report, with a construction period of 10 weeks be accepted. This figure being based upon the work commencing in December 2009 and being completed by March 2010.
- 4.3 That the total estimated cost (including fees and estimated contingencies) be noted as per the exempt section of this report.

#### **5. Reason for recommendation(s)**

- 5.1 Tottenham Green Leisure Centres filtration refurbishment/replacement is planned within the current Capital programme (Sport and Leisure Investment Programme – SLIP).
- 5.2 Due to the specialist nature of the works, CSO 8.04 was not followed following discussion with Corporate Procurement due to none of the options within CSO 8.04 being applicable to the tender process. The Council does not hold an approved supplier list for the specialist work in question and therefore it was agreed with Corporate Procurement to invite specialist companies to tender for the work
- 5.3 This contract will impact significantly on the Council's Carbon Footprint. The impact assessment in Appendix One details the advantages of the option to replace the plant versus refurbishment of the existing filtration system. The resultant lowering of carbon emissions will be of benefit to both the local and the global environment. It is calculated that this project will reduce Carbon Dioxide output by approximately 64,500 Kg per year.
- 5.4 Attenuation of the emission of carbon compounds will contribute strongly towards the Council's commitment to its Greenest Borough policy to tackle climate change.
- 5.5 Tottenham Green Leisure Centre will benefit from a large reduction in its primary energy consumption and its carbon emissions.

## 5.6 Tabulated Comparison of the two options considered

Filtration System Option	Capital Cost	Revenue Costs (£ per Year)	Life Expectancy	Carbon Dioxide Emissions (Kg per Year)
Traditional Sand (Existing)	243,598	39,216	7 Years	87,724
Regerative (Proposed)	400,172	9,114	20 Years	23,212
<b>Savings</b>	-	<b>30,102</b>		<b>64,512</b>

## 6. Other options considered

- 6.1 Not taking any action on this matter would result in the centre's wet sports facility closing within a few years due to complete failure of the plant and deterioration in water quality.
- 6.2 The recommendations include all of the work required to bring the Centre's water conditioning system up to the standards required and the phased de-commissioning and removal of the existing water filtration, sterilisation and pool water heating systems.

Consideration was given to two options in this procurement exercise:

- A Substantial Refurbishment of the existing filtration system to bring its performance back to that of the system when new. An extended life in the order of 7 years could be expected.
- B Total replacement of the existing filtration system. It was proposed to include in the procurement exercise an option to completely replace the water treatment system with one based on low- energy filtration technology.

## 7. Summary

- 7.1 In 2007/8 the Council agreed a capital allocation of £2.6m for the Sport & Leisure Investment Project (SLIP) which detailed improvement and upgrade to frontline services and refurbishment and replacement of behind the scene mechanical and electrical infrastructure.
- 7.2 Within the mechanical refurbishment and replacement plan was Tottenham Green Leisure Centre's filtration replacement, which had not been refurbished since the centre opened in 1991 and was considered towards the end of its practical life and therefore becoming less efficient in its operation.
- 7.3 The need for refurbishment or replacement was first identified by WS Atkins surveys in 2000 and revision/update to those surveys in 2005 by Frankhams Consultancy and more recently advice from the Homes for Haringey (HFH)

project management consultant, who is supporting the refurbishment and replacement of mechanical and electrical infrastructure.

- 7.4 One of the principal aims of the brief given to the HFH project manager was to specify and procure a solution which would have the maximum impact on Tottenham Green's Carbon footprint. Tottenham Green is one of the largest users of energy and water in the borough, the centre has many opportunities to reduce its carbon output while still providing the community with the facilities now available.
- 7.5 The replacement of Tottenham Green's filtration is one area in particular, which will benefit enormously from relatively new technology in the field of water filtration and treatment. The recommendations in this report are based on this technology. A full description and Impact Assessment appear in the Appendices.
- 7.6 The regenerative filtration system known as Defender is new to UK and Europe, although largely used in the United States with over 700 installations. There is a growing interest in the UK and Europe because of the benefits in quality of swimming pool water and supporting energy/utility cost savings.
- 7.7 As part of assessing the risk of being the only UK installation, officers from the council visited an installation in Kilkenny, Ireland to see and test its suggested benefits. The resulting views were then reported back with the proposal to the councils Utilities Management Board and Leading by Example project group in order to ensure the proposal had been suitably debated and challenged.
- 7.8 The combined operational and environmental benefits of Option B – 'Replacement by regenerative filter technology' are attractive as a long-term investment.

The work in the proposed contract includes:

- Preparatory Works to eliminate the need for pool closures during the substantive work.
  - Phased removal of existing filters
  - Phased installation of new sterilisation and heating equipment and controls.
  - Commissioning and Testing
- 7.9 The economies in water, chemical and energy usage will last the life-time of the plant and, in a market where the cost of these utilities are set to rise, these benefits increase in value over time. Remaining with the existing technology will lock Tottenham Green into the same cycle of high costs and high carbon emissions for a generation.

## **8. Chief Financial Officer Comments**

- 8.1 During the 2009/10 Pre-business planning review process funding of £588k was agreed for 2009/10 with a further allocation of £407k for 2010/11. A subsequent Sustainable Investment Fund bid has been made for £150k and is pending a final decision.
- 8.2 The value of this contract is within available funding and the option chosen gives best value.
- 8.3 It is likely that replacement of the filtration system will see long term savings of up to £30k per annum based on the impact assessment of utility usage.

## **9. Head of Legal Services Comments**

- 9.1 The value of the contract to which this report relates is below the threshold requiring contracts for works to be advertised in the Official Journal of the European Union.
- 9.2 However under the Council's CSO 6.05 contracts with a value of more than £25,000 (twenty five thousand) must be let following a competitive tendering process.
- 9.3 Tenders were invited from 4 contractors with the assistance of the Council's Construction Procurement Group.
- 9.4 CSO 8.04 provides that where tenders are to be invited the procedure to be followed shall be determined prior to advertising and shall be one of the procedures set out in CSO 8.04 (a) to CSO 8.04(f).
- 9.5 In the case of the contract to which this report relates none of the procedures set out in CSO 8.04 were followed.
- 9.6 CSO 7.02 (a) provides that the Cabinet Procurement Committee may approve a waiver of the CSOs.
- 9.7 CSO 7.03 (a) provides that a waiver may be agreed if the nature of the market for the works to be carried out has been investigated and the nature of the market is such that a departure from the requirements of the CSOs is justifiable.
- 9.8 The recommendation is to award the contract on the basis of the most economically advantageous tender in accordance with CSO11.01(b).
- 9.9 As the value of this contract exceeds £250,000 (two hundred and fifty thousand) it may only be awarded by the Cabinet Procurement Committee.
- 9.10 The Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in paragraph 4.

## **10. Head of Procurement Comments**

- 10.1 Specialist contractors in this very specialist type of work were selected by the lead Consultant and finance checks were carried out by the Construction Procurement Group.
- 10.2 The recommendation stated is based on the need to keep the leisure centre open. Option B for the selected contractor meets this need for the total replacement of the water treatment system. This is confirmed in the risk log in Appendix 2.
- 10.3 It is also noted in Appendix 1 that the replacement of the water treatment centre will realise significant energy use and carbon emissions reductions.

## **11. Equalities and Community Cohesion Comments**

- 11.1 The replacement of the existing systems will benefit the entire community by reducing the amount of energy and water consumed.
- 11.2 External air quality locally will benefit from very significant reductions in Carbon, Nitrogen and Sulphur compounds emitted from the Centre's water heating system. This is of particular benefit to young children, the elderly and those with respiratory complaints. Internal air quality will benefit from a reduction in chlorine within the pool hall's air and water.
- 11.3 A very significant reduction in Chlorine required for pool water hygiene will benefit swimmers and other visitors who may be vulnerable to Chlorine - these include asthmatics – and those vulnerable to cross-contamination – mainly the very young and the elderly.

## **12. Consultation**

- 12.1 *Internal Consultation* – in developing the proposal the project management consultant and officers from Recreation Services presented their options and proposals to the Council's Utilities Management Board and Leading by Example Board in order to ensure there had been challenge and informed debate on the proposal.
- 12.2 *External Consultation* - Prior to the internal presentations to various groups two officers and the project management consultant from Homes for Haringey conducted a site visit to the only installation in Europe in order to test and ensure the proposed benefits were being delivered.

## **13 Service Financial Comments**

- 13.1 The Option B costs in the region of £400k, some £110 -170k more than the traditional system, at £250k. The Sports & Leisure Improvement Programme (SLIP), capital project has allocated £250k for the traditional replacement; advice is currently being sought to obtain Sustainable Investment Funding (SIF) to bridge the £110-£170 for the regenerative option, alternatively supporting via the current SLIP capital programme and reducing the work programme to accommodate this project. This has been discussed and agreed at the SLIP Project Board subject to SIF funding not being successful

and the Boards views that the long term benefits out way the initial increase one off cost, which will be recovered over time through reduced utilities revenue spend.

#### **14. Use of appendices /Tables and photographs**

14.1 Two appendices accompany this Report

Appendix 1 Impact Assessment

Appendix 2 Risk Log

#### **15. Local Government (Access to Information) Act 1985**

15.1 See attached report (exempt information)

15.2 Impact Assessment (Appendix 1)

15.3 Risk Log (Appendix 2)

15.4 This report contains exempt and non exempt information.  
Exempt information is contained in Appendix A of this report and is