



Haringey Council

[No.]

Agenda item:

PROCUREMENT COMMITTEE

On 22nd July 2010

Report Title: **Park Road Leisure Centre Pool Hall Refurbishment and Filtration Replacement**

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

Signed :

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Wards(s) affected: **Muswell Hill**

Report for: **Key decision**

1. Purpose of the report

1.1 This Procurement report will request approval to:-

- a) To seek approval for the award the contract for the refurbishment of Park Road Leisure Centres' pool hall and associated mechanical and electrical infrastructure.
- b) To approve a waiver of Contract Standing Orders (CSO 8.04) to a tender process to completed without advertising by inviting bids from a selection of contractors to tender for the works contract to replace the indoor swimming pools filtration system
- c) To seek approval for the award the contract for the replacement of the indoor swimming pool filtration system at Park Road Leisure Centre

2. Introduction by Cabinet Member (if necessary)

2.1 The refurbishment of Park Road Leisure Centre pool hall and filtration has been part of the planned capital investment that has taken place since 2005. This particular project will ensure swimming provision continues to be delivered at Park Road Leisure Centre whilst at the same time, seeking to reduce the energy and water cost of providing swimming activity.

2.2 The quality of provision at Park Road Leisure Centre is key to delivering planned growth in swimming activity and in particular achieving the aims of the Aquatics Development Plan which was approved by Members in January 2010.

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

3.1 Key elements of the Council Plan relevant to the Aquatics Development Plan are:

- Improved opportunities for leisure (3.3)
- Engaging citizens (5.1)

3.2 The National Performance Indicators that the Projects can most significantly contribute to are

- NI 6 Volunteering

- NI 8 Adult participation in sport and active recreation (LAA target)
- NI 56 Obesity in primary school age children in year 6
- NI 57 Children and Young People's participation in high quality P.E. and sport
- NI 110 Young People's participation in positive activities
- NI 121 – Mortality rate from all circulatory diseases at ages under 75

3.3 There are also direct links with the Council's strategy for Sport and Physical Activity.

3.4 The Council's Greenest Borough Policy, Council Target of 40% Carbon emission reduction – a 2.5% contribution.

3.5 Take the Plunge – An Aquatic Development Plan for Haringey 2010

4. Recommendations

4.1 Subject to funding, that Members agree to award the contract in principle in respect of Pool Hall refurbishment to the contractor detailed in 13.7.8 in Part B of this report as allowed under Contract Standing Order CSO.11.03 in the sum of £1,209,640.00 with a construction period of 26 weeks. This figure is based on the work commencing in October 2010 and being completed in April 2011. The total estimated cost (including professional fees and estimated fluctuations) in the sum of £1,306,166 be noted.

4.2 Members are asked to note that the additional works relating to the moveable pool floor and diving boards as detailed below in paragraph 5.6 will only be added to the contract if external grant funding is approved by the Greater London Authority in September 2010.

4.3 That Members agree to waive Contract Standing Orders (CSO 8.04) for the tender process that has taken place without advertising by inviting bids from a selection of contractors on the ground that this is in the Council's overall interests in accordance with CSO 7.03(a) & (d) in respect of the contract to replace the indoor swimming pools filtration system

4.4 That Members agree to award the contract for the above project at 4.3 in principle, subject to confirmation of funding, to the contractor named in 13.8.8 Part B as allowed under Contract Standing Order CSO.11.03 in the sum of £512,188.00 with a construction period of 16 weeks. This figure has been based upon the work commencing in September 2010 and being completed by Jan 2011. The total estimated cost (including professional fees and estimated fluctuations) in the sum of £544,968.03 be noted.

4.5 That finalisation of the awards at 4.1 and 4.4 including confirmation of funding be delegated to the Director for Adult, Cultural and Community Services

5. Reason for recommendation(s)

5.1 Within the current Capital Sport & Leisure Investment Programme (SLIP), works have been planned in its final year, year 3 (2010/11) to refurbish the pool hall and upgrade the filtration system at Park Road Leisure Centre (PRLC).

5.2 PRLC indoor pools currently attract over 200,000 visits per annum via casual use and the lessons swimming programme. Swimming and other aquatic based activity is the most popular sport within the borough and is also the activity that those who are not active would consider taking up.

5.3 The pool hall and filtration system has operated in its current existence and infrastructure for the last 30 years with minimal investment and therefore its appearance and performance is now deteriorating to an unacceptable level.

- 5.4 A feasibility study was completed by NPS Ltd. in April 2010 on the pool hall from which a scope of works has now been tendered. The scope of works recommend that the pool hall is to be refurbished by renewing tiling to pool surround, lighting, glazing and air handling as well as a general redecoration. In doing this, it will support further growth in both active membership and casual utilisation of the indoor pools. By replacing the lighting, glazing and air handling system the ongoing cost of running the facilities could be reduced by an estimated £70,000 per annum. In addition to the cashable savings by reducing energy consumption, the enhancements to the fabric of the facilities will provide a more attractive and inviting swimming environment.
- 5.5 If it is not possible to proceed with this scheme in its entirety due to budget constraints then there are a number of essential Health and Safety requirements that will need to be undertaken in order to keep the facilities open. These include replacement of the filtration system, fire alarm and public address system as well as other works to the integrity of the electrical and hot water systems. The requirement for these essential Health and Safety works has been highlighted to Cabinet on the 13th July 2010.
- 5.6 The full tender cost set out in Part B of this report includes an option for the addition of a moveable floor and replacement of the diving boards in the diving pool at Park Road. This is an optional element that will only proceed if grant funding is secured. A bid to the GLA's "Play Sport London" Olympic legacy fund has been made to fund the works. The bid will also fund improvements to the pools at Northumberland Park, South Haringay Juniors and Chestnut Primary School. The improvements will increase the capacity of the borough to meet the demand for learn to swim lessons and support key targets for a more active borough. The improvements to the pool filtration will act as match funding for this bid. The Bid has been successful through stage 1 and a stage 2 submission is due to be submitted at the end of July, LBH will hear of the final decision to award in September 2010.
- 5.7 The existing filtration system has gone beyond its economical life and now needs to be refurbished or replaced in order to improve water quality and consistency of service delivery. The current plan is to adopt the same approach and technology used in 2009 at Tottenham Green Leisure Centre in order to deliver savings in energy and water consumption over the next 20 years.
- 5.8 The current filtration system uses high levels of natural resources namely, water, gas, electricity. Not replacing the current system will lock Haringey into another 20 years of high utilities and water usage which is contradictory to the aims of the Greenest Borough Strategy.

6. Other options considered

- 6.1 **Pool Hall Refurbishment:** Not taking any action on this matter particularly linked to urgent Health and Safety items as detailed in paragraph 5.5 above, would potentially result in the centre's wet sports facility closing permanently within 1 to 2 years due to complete failure of the plant and non compliance of health and safety related infrastructure. A critical programme of works has been developed which include new Fire Alarm, Public Address System and essential Mechanical works to the plant room, should full funding of the works not be achievable.
- 6.2 **Filtration:** 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 three 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 5 years could be expected.
- B Total replacement of the existing filtration system based on identical technology.
- C Total replacement of the existing filtration based on low- energy filtration technology as used at the Council's other major Leisure Centre, Tottenham Green. This proprietary system is known as 'Defender'.

6.3 All 3 options include new sterilisation and heating systems

6.4 One of the principal aims of the brief given to Homes for Haringey Design & Engineering services was to replicate the enormous operational and environmental benefits of the system installed at Tottenham Green in 2009/10. Tottenham Green was the very first swimming pool in the England to utilise Defender technology and this lead has now been followed by major pools in Dubai, Denmark, Berkshire County Council, London Borough of Islington and on Teesside. Early indications are that use of a similar system at Park Road Leisure Centre will result in the calculated energy and water savings will be met or exceeded.

6.5 As one of the largest users of energy and water in the borough, the Park Road Leisure Centre has many opportunities to reduce its carbon output while still providing the community with the facilities now available. One area in particular, however, can benefit enormously from this tested but still relatively new technology in the field of water filtration and treatment.

7. Summary

7.1 **Pool Hall Refurbishment** – The works to refurbish the pool hall are a mixture of improvements to reduce the running costs of facility in addition to those proposed for the filtration improvements and renewing of the fabric of the building which will encourage more people to use the facilities as over time people who can travel elsewhere will be attracted to newer more inviting facilities in which to take their swim.

7.2 Tenders were invited from eight suitable companies drawn from the Council's Major Work Framework in conjunction with the Council's Construction Procurement Group.

7.3 Three programme variations have been offered at 16 weeks, 26 weeks or the contractors programme. A 16 week programme requires the complete closure of all indoor swimming pools and the loss of the majority of swimming activity. For the 26 week programme a proportion of the indoor pools can remain open to the public. It is therefore proposed to undertake these works over the course of 26 weeks rather than 16 weeks as this minimises the disruption to the customer and reduces the income loss during the works.

7.4 **Filtration:** The swimming pool water filtration works are highly specialist works and the Council's existing frameworks do not include any companies that could undertake this work. Therefore, in consultation with the Councils Construction Procurement Group (CPG) a select list of four suitable companies was approved by CPG and the approved four companies were invited to tender.

7.5 A waiver is being requested for the tender process that has been undertaken without first advertising given the limited field of suppliers who are already known to the Council.

7.6 The waiver is requested firstly on the ground set out in CSO 7.03(a), which states that: *"the nature of the market for the works to be carried out or the goods and services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Contract Standing Orders is justifiable"*.

7.7 Secondly the waiver is also considered to be justified on the ground, set out in CSO 7.03(d), that it is *in the Council's overall interest* given that the Council undertook a similar exercise recently for Tottenham Green Leisure Centre and only two companies from the limited field tendered.

7.8 A competitive tender process was undertaken between the specialist suppliers to ensure VFM was achieved from the limited number of companies available for this work.

7.9 The combined operational and environmental benefits of Option C – ‘Replacement by Defender technology’ are attractive as a long-term investment.

The work in the Recommendation includes:

- Removal of existing filters and other redundant equipment
- Installation of new low-carbon filtration equipment, new Ultraviolet sterilisation system and new heating equipment and controls.
- Commissioning and Testing.

7.10 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 by at least 15% on October 2010 (as advised by the Council's Energy Management Team), these benefit increase in value over time. Remaining with the existing technology will lock Park Road into the same cycle of high costs and high carbon emissions for 25 years.

8. Chief Financial Officer Comments

8.1 The refurbishment of the pool hall has been planned within the SLIP deferred capital allocation for 2010/11 (£1076m) and in year capital of (£407k). However, recent corporate decisions have placed the capital programme under review and this funding source is now uncertain.

8.2 Pool Hall Refurbishment

Pre tender evaluations showed the likely cost of refurbishment to be in the region of £830k. However, now that the tenders have been received the current capital provision would not be sufficient to meet the full tender cost. Prudential borrowing is being proposed as an alternative to capital receipts, thereby allowing capital receipts to be diverted to other projects. The revised cost of £1.3m for the refurbishment will be funded as follows:

8.2.1 Prudential Borrowing

Just over £1m will be funded through this source. The proposed improvements will result in a significant reduction in energy consumption and therefore a reduction in expenditure of £70k per annum. In addition, the improvements to the diving pool, in particular the moveable floor, will provide additional revenue in the form of swimming lesson fees. This is estimated to be between £30k and £50k per annum. These sums are sufficient to service the borrowing charges over a period of 15 years. The life of the equipment is 15-20 years.

8.2.2 In year funding

£150k to be funded from the 2010/11 deferred capital programme.

8.2.3 Grant funding

A bid has been made for the remaining £150k from the GLA's "Play Sport London" Olympic legacy fund. This has not yet been confirmed.

8.3 Filtration

The estimated cost of the filtration equipment is £545k. £150k of this will be funded through the capital programme. The balance is to be funded through prudential borrowing over a period of 22 years. The borrowing costs will be met through reduced energy costs resulting from the new equipment of approximately £35k per annum.

9. Head of Legal Services Comments

- 9.1 The value of the contracts are below the threshold where tendering in Europe is required in accordance with the Public Contract Regulations 2006. However, the Council's Contract Standing Orders (CSO) tender requirements still apply.
- 9.2 Adult, Culture and Community Services Directorate has selected eight firms from the Councils Major Work Framework in respect of the pool hall refurbishment contract.
- 9.3 A competitive tender process was undertaken inviting four specialist contractors to tender in respect of the filtration works contract however the tender opportunity was not advertised. As a result, the process used, although largely following that of the restricted procedure, is not one of the tender procedures provided for by CSO 8.04. A waiver of CSOs is therefore sought in respect of this contract.
- 9.4 As the value of the filtration works contract is in excess of £250,000, the Procurement Committee must approve the waiver. The waiver is sought on two grounds – first, that the nature of the market demonstrates a justified departure from the CSO's in accordance with CSO 7.03 (a), and secondly, that it is in the Council's overall interest in accordance with CSO 7.03 (d).
- 9.5 Given the value of these contracts, the contract awards must be approved by the Procurement Committee in accordance with CSO 11.03.
- 9.6 Under section 12 of the Local Government Act 2000 the Committee has power to delegate their powers to an officer of the Council including to delegate to a Director the power to make or finalise the contract awards as recommended in this report.
- 9.7 Because the value of the contracts is in excess of £500,000, there is a requirement under CSO 4.03 that they are included in the Forward Plan. Adult, Culture and Community Services Directorate has confirmed that this has taken place.
- 9.8 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendation set out at paragraph 4 of this report in respect of the Pool Hall refurbishment contract.
- 9.9 Provided that Members are satisfied that the grounds for waiver set out in paragraphs 7.3 and 7.4 are made out, there is no legal reason preventing approval of the recommendation at paragraph 4 of this report concerning the filtration works contract.

10. Head of Procurement Comments

Park road Refurbishment

- 10.1. The contractors invited to tender have been selected from the Councils Framework agreement for Major works.
- 10.2. The tender has been prepared and tendered on a quality/price basis of 60%/40% and evaluated as the most economically advantageous tender for this award.
- 10.3 The selected contractor as recommended in Part B Appendix A paragraph 13.7.8 represents best value for the Council.

Filtration

- 10.4 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.

- 10.5 The recommended Option C (defender = low energy filtration technology) is currently being used at Tottenham Green Leisure centre which is creating savings in running costs for the water treatment system.
- 10.6 It is also noted in Appendix C that the replacement of the water treatment centre will realise significant energy reduction and carbon emissions

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 Due to the nature of the works it is not possible to consult on actual mechanical and electrical infrastructure however a consultation event has been planned for service users to define the fixtures and finishes to the pool hall and communicate the inevitable disruption to service during the works. This is planned to take place in late August 10.

13. Service Financial Comments

- 13.1 The service financial comments have been detailed in part B of this report.
- 13.2 Efficiencies - Pool Hall Refurbishment: the full programme of works has the potential to deliver savings in the region of £70,000 per annum through the installation of more efficient mechanical and electrical infrastructure.
- 13.3 Efficiencies - Filtration: This contract will have a significant impact on the Council's Carbon Footprint. The impact assessment in Appendix One details the advantages of the option to replace the plant over a simple refurbishment of the existing. 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 68,598 Kg per year. This is a very significant contribution to the Council's target of 40% reductions across all of its operations by 2015.

14. Use of appendices /Tables and photographs

- 14.1 Part B of this report provides exempt information in four appendices.

15. Local Government (Access to Information) Act 1985

- 15.1 This report contains exempt and non exempt information. Exempt information is contained in part B of this report and is **NOT FOR PUBLICATION**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972): Information relating to the financial or business affairs of any particular person (including the authority holding that information).