

East Herts Council Report

Leisure Project Board on behalf of the Executive Member for Wellbeing

Date of Meeting: 6 April 2020

Report by: The Executive Member for Wellbeing

Report title: Award of the construction contract for the new Grange Paddocks leisure centre

Ward(s) affected: All

Summary

This report provides an overview of the direction of travel for the Grange Paddocks capital development project including the award of the construction delivery agreement.

RECOMMENDATIONS FOR LEISURE PROJECT BOARD ON BEHALF OF THE EXECUTIVE MEMBER FOR WELLBEING:

- (a) That Project Board agree the award of the construction delivery agreement for the new Grange Paddocks Leisure Centre to Willmott Dixon Construction Ltd**

1.0 Proposal(s)

- 1.1 It is proposed that the Leisure Project Board agree the award of the delivery agreement for the construction of the new Grange Paddocks Leisure Centre to Willmott Dixon Ltd. (WDC), following the Leisure Project Board meeting on the 12 March 2020.

2.0 Background

- 2.1 In July 2017, Council approved capital funding for a new

replacement leisure centre at Grange Paddocks. In addition, it was agreed that the Executive member for health and wellbeing (now the Executive member for wellbeing) with the support of the Leisure Project Board be delegated authority to make decisions relating to the major leisure capital development projects.

- 2.2 In July 2019, Council approved additional funding for the new Grange Paddocks leisure centre.
- 2.3 Following a procurement review of a range of potential framework agreements, WDC were appointed in October 2018 via the Procurement Hub framework to deliver the 'design and build' of the new Grange Paddocks Leisure Centre.
- 2.4 The council entered into a pre-construction services agreement with WDC in January 2019, and following the development of the designs and associated consultation, planning permission was achieved on 6 November 2019.
- 2.5 The council has negotiated and reviewed the construction delivery agreement to be entered into with WDC. This process has been supported by corporate colleagues from finance, legal, insurance and property, as well external support from the council's project and cost consultants.
- 2.6 It should be noted that the contract for the demolition of the old leisure centre and the contract for the construction of the new 3G pitch and tennis facilities are not included with the works for this contract. These will require either separate procurement or a later contractual instruction through this contract (subject to planning permission being achieved for the 3G pitch and tennis proposals).

3.0 Reason(s)

- 3.1 In order to proceed to the construction phase, the council now needs to enter into a construction delivery agreement with

WDC. The value of the contract, including the pre-construction phase, is £21,075,000.

4.0 Options

- 4.1 Cease the project – The project was agreed by Council in July 2017 therefore it is council policy to undertake it. Not entering into the construction delivery agreement would mean the inability to construct the replacement leisure centre and achieve the improved financial return identified through the leisure operating contract. If the project didn't proceed, the council would not obtain the improved financial return identified in the new leisure operating contract. In addition the growing community would not benefit from a replacement facility that better meets their current and future needs and that supports the health and wellbeing strategy of the council. Replacing the current Grange Paddocks Leisure Centre is the fulfilment of the policy agreed at Council in July 2017. Not replacing it could have a detrimental negative impact on the council's reputation.
- 4.2 Deliver the project via an alternative procurement process – This is a continuation of the procurement process entered into via the Procurement Hub framework. The project team have assessed the risks and the price offered by WDC, and the project team believe this option offers the council value for money, with reasonable contractual risks.

5.0 Risks

- 5.1 The majority of the council's contractual risks within the construction delivery agreement fall under the standard contractual 'compensation events'. These events cover risks such as: subsequent client change, severe weather, ground risk, archaeological findings and changes in legislation.
- 5.2 Proceeding through the Procurement Hub framework also mitigates any loss to the improved financial return from the

operating contract, by having no delay to the construction programme delivery.

- 5.3 More detailed information regarding the contractual risk share can be found in the 'Risk Share' section located towards the end of the Executive Summary of the delivery agreement in Part 2 of the report (see appendix one).

6.0 Implications/Consultations

- 6.1 The key aspects of the delivery agreement have been reviewed and endorsed by senior officers including the Chief Finance Officer and Monitoring Officer following advice from the project solicitor and the wider project team representatives from finance, legal, insurance and property sections.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Yes

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Report no. 114 to Council, 18 July 2017:

<http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=158&MId=2877&Ver=4&J=7>

Report no. 100 to Executive 17 July 2018:

<http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=119&MId=3379&Ver=4&J=2>

Report no. 92 to Council 24 July 2019:

<http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=158&MId=3508&Ver=4&J=10>

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