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Steve Atkinson MA(Oxon) MBA FIoD FRSA
Chief Executive

Hinckley & Bosworth
Borough Council

A Borough to be proud of

SCRUTINY COMMISSION - 28 AUGUST 2014

SUPPLEMENTARY AGENDA

7. **PROGRESS TOWARDS DELIVERY OF NEW LEISURE CENTRE** (Pages 1 - 60)

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SCRUTINY COMMISSION – 28 AUGUST 2014

PROGRESS TOWARDS DELIVERY OF NEW LEISURE CENTRE

REPORT OF DEPUTY CHIEF EXECUTIVE – COMMUNITY DIRECTION

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To report on progress towards the delivery of the new Hinckley Leisure Centre to the specification approved by the full Council in January 2014. In particular, to confirm the position of site investigation work, requirements for mitigation related budget implications, additions and enhancements to the scheme specification and progress on contract.

2. RECOMMENDATIONS

That Members support the following recommendations which will be presented to Council on 2nd September 2014:

- 2.1 Endorse and acknowledge the importance of the new centre as a major community facility for the Borough.
- 2.2 Note the progress towards facilitating the delivery of the new Hinckley Leisure Centre since Council selection of the Preferred Bidder in January 2014.
- 2.3 Note the outcomes of the recent ground investigation survey carried out following the demolition of the former Council offices on Argents Mead.
- 2.4 Note that despite the additional capital costs associated with ground works, the gross management fee payable to the Council under the contract will remain unchanged at an average of £922,634 per annum over the 20 year contract. This is £382,000 per annum more than the alternative bidder or £7,640,000 more over the life of the contract.
- 2.5 Agree to a Capital allocation of £889,678.42, as detailed in section 5, to address the unforeseen ground works to allow for the construction of the new Leisure Centre.
- 2.6 Approve a transfer from Hub Future Rental Management Reserve of £889,678. Members note that as of the date of this report, the Leisure Centre Reserve had a balance of £3,176,867 as highlighted in Para 9.3.
- 2.7 Members note that by adopting the funding strategy as set out in recommendation 2.6 and Para 9.3, the Council will make a saving in borrowing costs of around £75,000 per annum.
- 2.8 Members note that the Hub Future Rental Management Reserve will be replenished from in year under spends in future years.
- 2.9 Approve a base revenue budget funded from the General Fund of £20,000 from 2015/2016 to fund the cost of insuring the old and new facility.
- 2.10 Approve a base revenue income budget of £1,900 per annum from 2015/2016 to reflect income received from PFPLM to fund maintenance works. In addition an income budget of £20,000 for 2015/2016 should be approved to reflect one off income received from PFPLM for car parking provision.

- 2.11 Note that the draft Design, Build, Operate and Maintain contract has been prepared and has undergone appropriate due diligence and the contract will be sealed in accordance with the council's contract procedure rules following approval of the recommendations in this report. Any key outstanding contractual issues will be reported to members at the meeting.

3. **BACKGROUND TO THE REPORT**

- 3.1 Following the decision by Council on 21 January 2014 to award the contract for the design, build and management of the new Hinckley Leisure Centre to DC Leisure, now re-named Places For People Leisure Management Ltd (PFPLM), the following key actions have been progressed:

- Advancement of contract negotiations supported by external specialist Solicitors and Leisure Centre Development Advisor.
- Demolition of the former Council offices and reinstatement of the ground.
- Revisions to detailed specifications of Leisure Centre to, where possible, accommodate additional stakeholder and user requirements.
- Planning application submission and approval for the new Leisure Centre.
- Archaeological trial holes to ascertain the potential for historic artefacts.
- Ground condition survey and trial boreholes on the former Council Office site to determine stability of the ground and mitigation requirements.
- Detailed Delivery Programme established for construction of Leisure Centre.

- 3.2 A number of appendixes are contained within this report, these include:

Appendix A – Facility requirements
Appendix B – Change in company name structure chart
Appendix C – Independant additional works report
Appendix D – Additional works cost summary
Appendix E – Legal/contract update
Appendix F – Previous Members questions and responses
Appendix G – Hinckley Swimming Club correspondence timeline
Appendix H – Hinckley Swimming Club questions and responses
Appendix I – Requirements and costs associated with revising the approved scheme to an enhanced competition Pool.

- 3.3 For clarity, Appendix A highlights the Council's pre tender facility requirements and shows the agreed facility mix as endorsed by Council 21st January 2014. The facility has retained and added to these requirements.

4. **PROGRESS**

- 4.1 Extensive progress has been made towards the preparation for the commencement of delivery of the new leisure centre on Argents Mead. A summary of the key areas of progress together with issues arising are set out below:

Contract

- 4.2 Members are reminded that this will be a 20 year DBOM contract which is currently being finalised. External legal expertise has been commissioned to advise on the process and has ensured the detail of the contract is robust, providing assurance that the facility will be built and managed in accordance with recognised Sport England/national best practices. The contract recognises the 'spirit of partnership' whilst retaining the ability by the Council to 'enforce', should the need arise. Key elements within the contract include:
- Interim management arrangements (existing Leisure Centre as from 1st April 2015, until opening of the new Centre)
 - Payment mechanisms and guarantees
 - Construction elements
 - Performance standards
 - Service related matters
- 4.3 Entering into the Project Agreement, Lease, Warranty and Guarantee documents will commit the Council to both fund the construction of the new Leisure Centre and to have a 20-year contractual relationship with PFPLM for the management and maintenance of the centre, subject to;
- an Annual Management Fee from PFPLM to the Council
 - achievement of agreed standards of service provision by PFPLM.

Once the contract is signed all of the construction risk, with the exception of the provisional sums noted, will rest with PFPLM.

- 4.4 The Council would be subject to reasonable restrictions against sponsoring any competing facility.
- 4.5 Early termination of the Agreement from either party could result in additional financial obligations for the Council/PFPLM.

Company name change

- 4.6 In April 2014, DC Leisure Management Ltd was re-named Places for People Leisure Management Ltd (PFPLM). The company no. 02585598 remains the same. The DC Leisure group continues to operate as a freestanding division now within the PFP group. In accordance with usual practice in projects of this type, a new "Special Purpose" Company, PFPL Projects (Hinckley) Limited has been formed. PFPL (Holdings) Limited has confirmed that it will guarantee the performance of the Leisure Operation and Facilities Management Services on site. The wording of the guarantee documents is currently being finalised. Members are asked to refer to Appendix B - PFPLM's structural organisational charts. The Director of Places for People will be attending the Scrutiny Commission to explain these changes and give assurance to the Council.

Demolition of former Council offices

- 4.7 Demolition works commenced in February 2014 and were completed in May 2014. This project was completed on time and within budget. However, during the completion of the demolition some piling was discovered which alerted the Council to potential abnormality in the ground condition. This issue is dealt with later in this report, paragraph 4.12.

Key design improvements

- 4.8 Following liaison with key stakeholders there have been a number of design improvements made to the facility. These include additional swimming spectator seating

from 100 to 160; an increase in usable internal floor area; and enhancements to the changing rooms and café areas. The gross internal area has increased from 6,420sqm to 6,467 and the net usable area has increased from 5,658sqm to 5,770sqm. However, the footprint of the centre has remained the same so there is no further impact on Argents Mead. All design improvements have been met within the original cost envelope, as per the tender.

Archaeological investigation findings

- 4.9 Trial trenches have been undertaken and the investigation, which was overseen by Leicestershire County Council, concluded that, although no significant finds were unearthed, a watching brief would be required by an Archaeologist during the construction phase. This is captured as a planning condition. As per the tender specification, financial responsibility for these additional capital costs rests with the Council. There will be the requirement to allow for a provisional sum for any unexpected archaeological finds, this amount is £15,000 (refer to section 2.5 Appendix C).

Planning status

- 4.10 Planning Committee unanimously approved consent for the new Leisure Centre on 27th May 2014. The conditions attached to this consent are being addressed as part of the delivery programming of the scheme. A number of surveys were required to achieve consent. The costs for these surveys total £34,222.10. Please refer to cost summary table 7 in Appendix C for details. This sum includes a provisional sum for an arboricultural survey, this amount is £2,000.

Surveys required for financial close

- 4.11 A number of conditions surveys have been undertaken, all of which are required to achieve financial close for this contract. The cost for these surveys totals £35,837.01. Please refer to table 7.2 in Appendix C for details.

Additional works due to ground conditions

- 4.12 At the tender stage, bidders were asked to submit designs based on no adverse ground conditions to ensure like for like comparisons between quotations. Following the appointment of PFPLM and completion of the demolition which revealed some piling, a ground condition survey was undertaken. Set out below is the process followed by the PFPLM team in relation to the survey on the Ground Conditions at the Argents Mead site.
- 4.13 All of the surveys conducted in relation to the project have been procured on a transparent basis, with all quotations and proposals shared with this Authority.
1. A brief/scope of works for the ground investigation was prepared by the Appointed Structural Engineer to the client, Copeland Wedge Associates (CWA).
 2. Three quotations were sought on the basis of CWA's brief and three prices were returned. The quotations were evaluated by CWA to ensure compliance with the brief and to ascertain the most competitive offer.
 3. Applied Geology was the company assessed to have submitted the most competitive bid and was appointed to execute the ground investigation.
 4. Applied Geology's survey and comprehensive report was completed in June 2014 and the report, together with a preliminary assessment of the cost impact of the ground conditions encountered, was shared with this Authority.

5. The survey has identified a need for piling of the building (due to ground stability) and also levels of carbon dioxide gas which are above national parameters, which will require the installation of a membrane on the site.
 6. CWA has now completed a new foundation design, based on the Applied Geology report. Pellikaan (the construction company) have worked up the detailed costings for this design, including obtaining competitive quotations from 3 specialist sub contractors for the piling installation and at least two specialists for the gas membrane.
- 4.14 There are differences from the tender substructure design compared to what will be required. As per tender specification, financial responsibility for these additional capital costs rests with the Council. This risk was highlighted in the report to Scrutiny Commission 16th January 2014 (section 13, risk implications and the supporting evaluation report section 4.5) and Council 21st January 2014.
- 4.15 The cost for these ground works totals £733,179.68. Please refer to section 3 in Appendix C for details.
- 4.16 Press & Starkey (the appointed independent certifier for the contract) has reviewed the surveys and reports presented and as a result of this have confirmed that the costs are genuine, appropriate and required for the long term success of the Leisure Centre. In addition, the Council's specialist Quantity Surveyor has reviewed the Applied Geology report and CWA's summary report along with costings and has independently confirmed that these are substantive pieces of work and there would be no requirement to obtain a further ground investigation survey.

Main Services Connections

- 4.17 At the tender submission stage, all bidders were advised to submit their proposals based on all services (gas, electric, water, BT etc) being 'good' as this was a brown field site. This was to ensure like for like comparisons between quotations. PFPLM have received a number of quotations from the energy suppliers and the additional costs associated with mains services connections is £86,439.63. A provisional sum of £5,000 has been allocated towards BT connection. PFPLM's tender submission allowed a provisional sum of £30,000 for these works. As per tender specification, financial responsibility for these additional capital costs rests with the Council.

A comprehensive report from Press & Starkey can be viewed in 7.4 Appendix C.

- 4.18 The table below shows the total sum for all associated works:

Works	Costs
Surveys required for planning	£34,222.10
Surveys required for financial close	£35,837.01
Additional works due to ground conditions	£733,179.68
Mains Services Connections	£86,439.63
Overall Total Additional Cost	£889,678.42

5. VALUE FOR MONEY

- 5.1 Council officers, along with independent specialist support, have robustly assessed and analysed costs associated with these unforeseen capital works. The Council has been working with PFPLM to ensure that the costs are valid and provide the most cost effective solution ensuring value for money. The table in Appendix D captures all of the additional capital costs, including revenue implications.

- 5.2 Members are reminded of the key financial benefits of the scheme overall, which include:
- Provide HBBC with a significant index linked revenue management fee from the Leisure Operator for the 20 year contract.
 - Provides cost certainty (subject to clarification of the provisional sums contained within the contract) for the period of the contract and overall the 'value for money' this projects achieves is excellent.
 - Provides the Council with ownership of a new facility on HBBC land.
 - Fees and charges levied by the operator will have to be approved by the council, in keeping with current operational procedures
 - Supports the economic sustainability and vitality of Hinckley Town Centre by increasing footfall, especially on Castle Street and Upper Castle Street. Potential secondary spend modelling estimates this could be worth circa £4M to the local economy.
- 5.3 In terms of financing the capital cost, the proposed method ensures value for money compared to the alternatives:
- If PFPLM were to fund the capital cost, they have confirmed that the management fee payable to the Council would reduce by £91,667 per annum over the life of the contract. The total value of this payment would therefore be £1,833,340 and therefore, is not deemed value for money.
 - If the additional capital cost associated with ground works was known at the point of tender, the Council would have looked to borrow this amount. This is on the basis that previous under spends used to finance the cost would not have been known. The cost of servicing the capital cost of £889,678.42 would have been £73,754 per annum.

6. **HINCKLEY SWIMMING CLUB**

- 6.1 As detailed in Appendices F & G there has been extensive dialogue with representatives from Hinckley Swimming Club. Club members were invited at the early stage of the procurement process to submit their design considerations. It should be noted that a wide range of existing Leisure Centre users groups were also consulted i.e. schools, disability groups, user groups and clubs etc. 20 responses were received from the Swimming Club, the majority of which requesting a 50m pool and a moveable floor. Providing a 50m pool was not deemed to be viable on two key grounds i.e. affordability and deliverability.
- 6.2 Meeting the Club's high expectations was always going to represent a challenge in both financial and design terms. Officers along with PFPLM have worked with the club's representatives to maximise the offer during the past 8 months and have delivered improvements in spectator seating and equipment as outlined earlier. The club are still eager to see an enhanced competition specification pool installed, which would include a moveable floor. However, the costs of this are prohibitive. The requirements to meet the aspirations of the Club to host competitions are set out in Appendix I.
- 6.3 There would be significant implications and risks of further varying the design and specification of the new Leisure Centre from what the Council approved in January 2014 to deliver an enhanced competition swimming facility. These can be summarised as:-
- Significant additional capital costs to accommodate the changes, which are detailed in Appendix I.
 - A significant negative impact on the revenue stream compared with the position agreed by Council in January 2014.
 - Delays in delivery of the programme arising from need to redesign the centre.
 - Requirement to re-procure the design, build and operate and maintain contract leading to uncertainty of outcomes and significant delays on delivery and cost.

- Reduction in the number of days that the swimming facilities will be available to the general public due to the need to restrict access for the increase in gala days.
- 6.4 A moveable floor in the main pool is not required by the wider community of users of the pool and therefore, such a facility is considered not to offer value for money for taxpayers.
- 6.5 The Council recognises the end product will not fulfil all of the club’s aspirations, but as the Club has stated (via its Chair) “it accepts the facility will be an improvement on the existing Centre”
- 6.6 The Council throughout the procurement process has been consistent with the agreed brief (January 2014 – Appendix A) and the concept of this (as with the existing facility) as a community facility. For clarity, the Council did not request a regional standard ASA competition pool during the procurement process.

7. **MANAGEMENT FEE**

- 7.1 The PFPLM arrangement provides the best offer to the Council. PFPLM will pay the Council £922,634 per annum (on average) over the life of the contract, which based on current known profile and current borrowing costs will be in the region of £485,000.
- 7.2 The total net income from the Developer for the term of the 20 year contract will be £18,452,681 and will be clarified as part of financial close.
- 7.3 Members should note that the average gross management fee from PFPLM is £362,000 more than average fee quoted by the alternative bidder during the procurement process and therefore continues to achieve materially more income for the General Fund.
- 7.4 As part of commercial negotiation process with PFPLM the following has been agreed:
- NNDR contribution – due to the expected uplift in business rates the council will grant discretionary rate relief to PFPLM.
 - BID levy – liaison with Town Centre Partnership is underway seeking a mutually acceptable position on contribution via PFPLM.
 - Buildings insurance – as the new facility will be a HBBC asset, the associated building insurance costs will need to be met from General Fund. This includes the interim contract period.
 - Car parking – Mount Road car park falls outside of the area leased to PFPLM, as a result HBBC will continue to own and maintain this asset via its existing established budgets.
 - Access Road, off Station Road – PFPLM will make an annual contribution, commencing April 2015, to the Authority for the upkeep of this shared access road.
 - Landscaping – PFPLM will make an annual contribution to the Authority for the upkeep of landscaped areas within the leased area.
 - Office service costs – PFPLM has agreed to cover all associated service costs in relation to the HBBC accommodation within the Centre i.e. heating, lighting and cleaning, therefore nil cost to council.

8. **DELIVERY PROGRAMME**

- 8.1 To reflect these additional capital works there have been some minor adjustments to the overall programme:

Preferred Bidder approved by Council	January 2014
Additional funding approved by Council	September 2014
Financial Close & contract signing	September 2014

Construction commences
Topping out
Completion

October 2014
February 2015
Christmas 2015 - Spring 2016

9. **FINANCIAL IMPLICATIONS [KP]**

- 9.1 Per Appendix C, the cost of the additional works has been confirmed as £889,678.42. This cost could be funded either by the Council directly or by PFPLM. The latter option would result in a reduction to the management fee provided to the Council to reflect the cost to PFPLM of borrowing these funds. PFPLM has confirmed that this option would reduce the management fee by £91,667 per annum over the life of the contract. The total value of this payment would therefore be ££1,833,340 and, therefore, is not deemed value for money.
- 9.2 In light of the above it is proposed that the Council will fund the costs from earmarked reserves in order to minimise the revenue impact that would be associated with borrowing these amounts (i.e. creating a reduction in the management fee).
- 9.3 The balance of the Leisure Centre Reserve is detailed below. As at 31st March 2014, the reserve had a balance of £2,650,867. Council agreed on 1st July 2014 to transfer a further £526,000 to the reserve as a contingency for additional costs of abnormal ground conditions. This total balance (£3,176,867) is currently earmarked to be used for the capital build of the Leisure Centre. In order to meet the estimated cost of £889,678.42, it is proposed that this amount is transferred to this reserve to finance the ground care work from the Hub Future Rental Management Reserve. This reserve contains £1,000,000 of an incentive payment provided by the developer of the Hinckley Hub. As there are no current commitments for this balance it is proposed that an amount is utilised for this work. Members should be assured that any savings identified in the current and next two financial years will be transferred back to the reserve to reinstate the £1,000,000 balance.

	31st March 2014	Reserves review	Additional Transfer from Hub Future Rental Management Reserve
	£	£	£
Transfers in	0	526,000	889,678.42
Balance	2,650,867	3,176,867	4,066,545

- 9.4 This financing method will ensure that there is no impact on the Management fee received by the Council from Places for People which is estimated to be on average gross (before interest and repayment costs) £922,634 per annum over the life of the contract.
- 9.5 Appendix D also details additional revenue costs and revenue income streams that will occur as a result of the contract. As outlined in Table 2 of Appendix D, it is estimated that the Council will be required to fund £20,000 of building insurance costs from 2015/2016 (income currently recovered from the existing contractor). The cost of this will therefore need to be included in the base budget from 2015/2016 and funded from the General Fund. The “opportunity” cost of the NNDR that will not be received as a result of granting the discretionary relief has been noted in Appendix D for information but will not have any direct financial cost to the Council.
- 9.6 To compensate for the cost of insurance, Table 3 in Appendix D outlines £1,900 of income that will be received from PFPLM annually for road and grounds maintenance. In addition a £20,000 one off contribution will be received in 2015/2016 for car parking

provision. The regular income should be factored into the base budget with the one off amount included for 2015/2016 only.

10. **LEGAL IMPLICATIONS (SP)**

10.1 Legal advice on the progress of the Contract has been provided by the projects external solicitor at Freeth’s and is set out in Appendix E.

11. **CORPORATE PLAN IMPLICATIONS**

11.1 This project will assist the Council in achieving the following key priorities:

- Improve health and wellbeing and sustain economic growth
- Reduce our impact on the environment
- Identify and plan to meet the needs of the ageing population
- Give children and young people the best start in life
- Accessible services for all and to value partnerships

12. **CONSULTATION**

12.1 Extensive consultation primarily focused on existing users has been undertaken. This information was shared with the bidders at invitation to submit initial design solutions stage and helped to shape the final tender submissions received from the bidders.

12.2 There are ongoing discussions with representatives from Hinckley Swimming Club. Progress has been made, the notable elements being highlighted under section 4.3 of this report. HBBC and PFPLM will continue to carry out further dialogue in the coming months with the club on key elements including pool programming, equipment and swimming development.

12.3 Specialist advice has been received throughout the procurement stages from a number of external advisors.

12.4 Appendix F captures questions previously asked by Members and Officers answers. Appendix H lists a series of questions posed by Hinckley Swimming Club representatives and Officers/PFPLM responses. Appendix G summarises the engagement with Hinckley Swimming Club representatives.

13. **RISK IMPLICATIONS**

13.1 The following risks have been identified:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Continuity of service to the existing customers of Hinckley Leisure Centre in an ageing facility	Ensure preventative and reactive maintenance and operating schedules are adhered to.	HBBC/Contractor
Ensuring cost certainty and quality of works	Joint appointment of a Independent Certifying Officer and Clerk of Works	HBBC/Contractor
Unexpected archaeological finds	Close liaison with LCC	HBBC/Contractor

14. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

- 14.1 The new facility will serve the residents of the Borough. It will have enhanced user friendly disabled facilities which will increase participation.

15. **CORPORATE IMPLICATIONS**

- 15.1 Numerous internal Teams have been fully engaged in the procurement process
-

Background Papers: Scrutiny report 8th November 2012
 Council report 13th November 2012
 Scrutiny report 16th January 2014
 Council report 21st January 2014
 Scrutiny presentation 17th July 2014

Contact Officer: Simon D. Jones, Cultural Services Manager

Executive Leads: Councillor Stuart Bray, Leader of Council
 Councillor David Cope, Leisure & Culture
 Councillor Keith Lynch, Finance, ICT and Asset Management

Appendix A - Facility Requirements

Extracted from tender documentation that was issued to all Bidders:

A core facility mix has been identified which the Council considers essential with additional facilities which the Council would seek to deliver if funding allowed - Council report 13th November 2012. These are summarised below:

Facility	Option A - Core	Option B – Enhanced
Main Pool	6 lane, 25 metre pool + 100 seats	8 lane, 25 metre pool + 100 seats
Ancillary Pool	Learner pool with some leisure/fun element	Learner pool with some leisure/fun element
Sports Hall	6 badminton court	8 badminton court
Health and Fitness	100 stations	120 stations
Dance Studios/ Multi Purpose Rooms	2	3
Squash Courts	None	2 (with moveable wall)
Catering Area	Café and vending	Café and vending
Climbing Wall		Yes
Health Suite Facilities	Toning facility, sauna/steam room	Day Spa facility
Soft Play Area		Included
Ancillary Facilities	Reception, Changing Rooms/Village, Small Meeting Rooms	Reception, Changing Rooms/Village, Small Meeting Rooms
Car Parking	Sufficient to meet demand	Sufficient to meet demand

As reported to Council 21st January 2014 - The new Leisure Centre will include a minimum of the facilities listed below:

Summary of new facilities
Main Pool 8 lane, 25 metre pool + 100 seats (subsequently upgraded to 160 seats)
Large Learner pool with separate wet play area for young families
Sports Hall with 8 badminton courts
Health and Fitness gym 120+ stations
Dance Studios/ Multi Purpose Rooms x 2
Catering Area
Family Climbing Wall
DDA compliant with changing place toilet
Village style changing rooms (enhanced after consultation)
Integrated partnership accommodation
Car Parking
Complementary landscaping, grassed play area suitable for school use

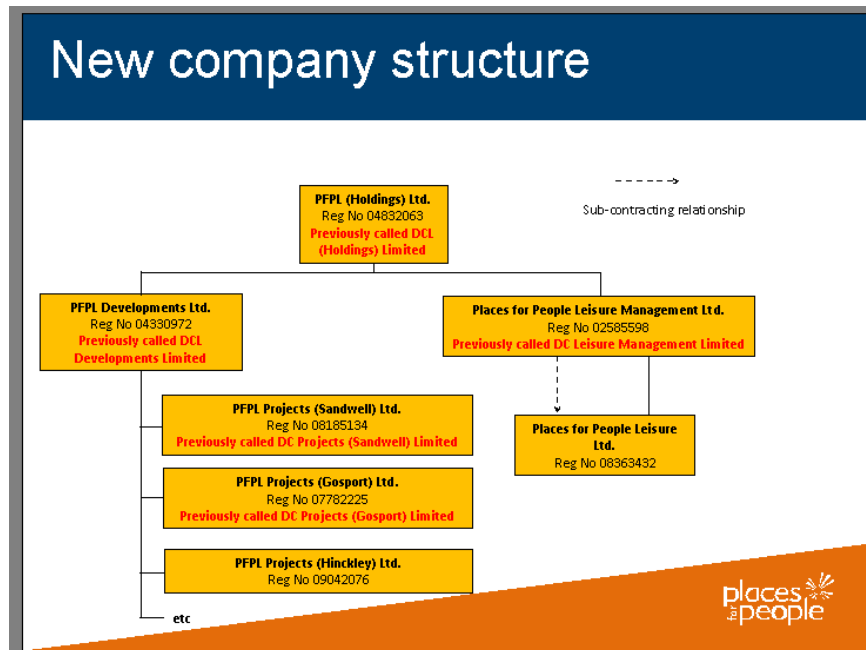
The PPG17 Open Space Sport and Recreation Study undertaken in 2009/2010 reviewed the provision of facilities and identified the need for any new facilities through assessing the supply and demand in accordance with Sport England's Facility Planning Model (FPM), which is a national model used to identify the likely demand for key sports facilities, such as swimming pools, sports halls, etc.

The key findings relating to swimming pools from the PPG17 Study suggests:

- The provision of Swimming Pools is below national and regional averages. Within the Borough there is 15.58 m² per 1,000 population, whereas the East Midlands average is 17.5 m² and for England as a whole it is 18.45 m²

Therefore, increasing the m² as per above will assist in meeting this shortfall.

Appendix B - Change in company name



Appendix C - Independent additional works report



**DESIGN AND CONSTRUCTION
OF
THE NEW HINCKLEY LEISURE CENTRE**

**EMPLOYER'S AGENT REPORT ON
ADJUSTMENTS TO
PELLIKAAN CONSTRUCTION LIMITED'S
TENDER SUM
PRIOR TO CONTRACT CLOSE**

DATE: 19 August 2014
Ref: 4225/S/RB/SRR/Rev.2

PRESS & STARKEY

CONTENTS

- 1. Introduction and Background**
- 2. Survey and Investigation Works**
- 3. Works Associated with Ground conditions**
- 4. Mains Services Connections**
- 5. Demolition Works**
- 6. Programme and Prolongation of Contract Period**
- 7. Cost Summary**

Appendices:

- Appendix 1 - CWA Summary Report on Results of Site Investigation and Implication on Substructure Design

Please note company names within this report have been removed due to the information being commercially sensitive eg [REDACTED]

1) **Introduction and Background**

1.1 Original and ISDS and ISFT Submissions

- 1.1.1 At the start of the bid process and upon issue of the ISDS documentation Pellkaan Construction Limited (PCL) were appointed by Places for People Leisure Management (PFPLM) as their Design & Construct Partner for the project.
- 1.1.2 ISDS bids were submitted on 6 September 2013 for the design, build, operation and management of the new centre and PFPLM were selected as one of the bidders to proceed to the ISFT Stage on 10 October 2013.
- 1.1.3 During the ISFT stage PFPLM worked with Pellikaan Construction Ltd to compile the final tender submission and this was submitted on 3 December 2013
- 1.1.4 PFPLM were awarded Preferred Bidder status on 22 January 2014.

1.2 Original Bid Requirements In Respect Of Surveys, Mains Services Connections and Ground Conditions

- 1.2.1 The Tender documentation contained a comprehensive output specification in terms of the facility and services requirements, but no information by way of surveys, investigations and the like in respect of ground conditions, mains services availability, and demolition of the existing Council Offices building.
- 1.2.2 During the Tender Period a number of dialogue meetings were held between the Bidders and the Authority and clarification questions were submitted by the PFPLM Team.
- 1.2.3 In response to queries raised concerning demolition, surveys, ground

conditions and services, Hinckley & Bosworth Borough Council issued Clarification Note 2 dated 10 July 2013.

1.2.4 The clarifications given in Note 2 were as follows:

Cost Area	Bidder Response
Demolition of Existing	The Council will take responsibility for the demolition of existing buildings, including the existing offices at Argents Mead.
Ground Conditions & Services	Bidders should exclude any costs associated with abnormal ground conditions or services and should assume that existing services are in place for both Lots and that they have the capacity to deliver those required.

The effect of this clarification was to ensure that all tenderers were pricing on an equal basis that would allow fair comparison between the bids.

1.2.5 PFPLM's Exclusions and Assumptions in relation to the Technical Capital Investment Plan ISFT Submission included the following exclusions:

“Exclusions The figures exclude:

- *The cost of demolition of the existing Council Offices building Argents Mead, including the breaking out of existing gound slabs or foundations*
- *Removal or other measures to deal with asbestos*
- *Allowance for abnormal ground conditions, including:*
 - *Ground stabilisation*
 - *Piling*
 - *Measures to deal with contamination*
 - *Measures to deal with ground water”*

and the following assumptions and clarifications were included:

“Assumptions and Clarifications

- *A provisional sum allowance of £30,000 has been included for new main services connections to the site*
- *It has been assumed that mains drainage connections can be made locally to existing sewers without the need for major upgrade or infrastructure work.*

1.2.6 During the ISFT Stage it became apparent that a number of detailed surveys and investigations would be required in order to –

.01 inform the Planning Application process

.02 allow detailed costing for groundworks and mains services connections to be finalised

1.2.7 The demolition specification for the existing Council Offices was provided in the data room during the ISDS Tender Stage.

1.2.8 Prior to the award of Preferred Bidder status, a final Tender Clarification Interview was held on 19 December 2013 and PFPLM confirmed that the cost of surveys were excluded from their bid but the management and procurement of these was included. This was confirmed in a final clarification response to the Authority on 2 January 2014.

2) Survey and Investigation Works

2.1 Following appointment of Preferred Bidder the PFPLM Team worked with the Authority to procure the surveys necessary to

- obtain Planning Approval and Discharge Conditions
- to finalise the Contract Sum

2.2 Surveys have been procured by the PFPLM Team in accordance with the Council’s standing orders obtaining quotations where necessary prior to appointment of the specialist companies.

- 2.3 Regular updates on the progress with surveys have given by PFPLM at the fortnightly Project Progress Meetings with the Council, together with summaries of the costs incurred to date.
- 2.4 A summary of all survey costs to date is given in Sections 7.1 & 7.2 of this report “Cost Summary”.
- 2.5 In addition to these costs it is recommended that the following Provisional Sums are set aside for further surveys:

1) Tree Arboricultural Survey	£2,000.00
2) Archaeological Trial Trenching & Watching Brief	£15,000.00

3) **Works Associated with Ground Conditions**

- 3.1 This report is not intended to give a detailed description of the technical aspects of the ground investigation works and the resultant impact on the foundation design as this is covered in Appendix ‘1’ to this report which is the report prepared by Copeland Wedge Associates, Pellikaan Construction Limited’s Structural Engineer.
- 3.2 A summary of the main findings therein and our comments on these is, however, set out below:
- .01 In the original tender submission Pellikaan Construction Limited had made the following assumptions in relation to the design of the foundations:-
- Shallow mass concrete pad foundations
 - Ground bearing floor slabs
 - Pre-cast concrete ground beams to perimeter spanning between mass concrete pads
 - No specialist ground treatment
 - No ground protection measures
 - Pools supported on engineered filled ground

It is our opinion, given Tender Clarification Note 2, that these assumptions were reasonable.

.02 The ground investigation works to date have revealed the need for:-

- A piled foundation solution both to the general areas of the building and the pool tanks
- Due to the uneven and inconsistent bearing capacity of the ground it will be necessary to have a very thick piling mat to bear the weight of the piling rig
- A gas membrane due to the presence of elevated levels of CO₂ in the ground

In our opinion, based on the evidence provided by Copeland Wedge Associates who are a well respected firm of Engineers, the above conclusions are reasonable.

3.3 Copeland Wedge Associates have provided drawings showing the following foundation design solutions:-

.01 Original tender pad foundation proposal, drg no. CWA-14-120-005

.02 Proposed piled foundation plan (Option 2) drg no. CWA-14-120-002 rev.P7

3.4 With regard to the requirement for a gas membrane, Pellikaan Construction, together with CWA and the other members of the Design Team, have carried out extensive investigations into the most cost effective solution, and two alternative systems have been proposed and costed.

.01 Visqueen “Traditional” taped/welded gas membrane system – which utilises an impervious polythene membrane beneath the floor slab .

Estimated cost based on a quotation from Company A

Dated 21st July 2014 - £99,094.00

.02 PA Geotechnical “Low Energy Clean Air Blanket” – which utilises a low-energy pressurisation unit and a system of underground ductwork to create a positive air pressure beneath the ground slab to form a barrier to the ground gas.

Estimated cost based on a quotation from Company B
Dated 23rd July 2014 - £31,109.00

- 3.5 Whilst it is noted that the PAG system will need a yearly maintenance check and will incur some energy usage (as the system runs continuously) although this is very low – similar to a household light fitting. The preferred solution due to the difference on capital cost is PAG air blanket.
- 3.6 With regard to the piling requirement CWA have prepared a Piling Specification and drawings and these works were tendered to three specialist piling contractors on 23rd June 2014.

The three firms invited to tender were:

- Company 1
- Company 2
- Company 3

- 3.7 Piling Tenders were returned on 2nd July 2014 and in accordance with CWA’s report thereon dated 8th July 2014, the tenders returned were as follows:-

Company 1*	-	£117,493.83
Company 2	-	£164,007.00
Company 3	-	£157,595.15

*Note – Company 1 quotation was for a fixed head pile design whereas the requirement was for free-head.

- 3.8 All of the Piling Contractors required further borehole testing in order to confirm the free-head nature of the piles and the required depth/diameter.

3.9 This further testing require utilisation of a specialist rig which is capable of boring to depths of greater than 15m. This further investigation was carried out between 21st and 25th July and the results were issued by the ground investigation company, Applied Geology, on 29th July 2014.

3.10 These results were made available to the three piling contractors on 30th July 2014 and revised piling tenders were received as follows:-

Company 1	-	£183,000.00*
Company 2	-	No Tender Returned
Company 3 dated 18.08.14	-	£225,399.13

*Note – Company 1 is adjusted to take account of omissions and is not for a free head detail.

Following return of tenders further negotiaitons with Company 3 have been carried out resulting in them submitting a revised final offer of £188,674.30, based on a free-head detail. Therefore Company 3 quotation has been used.

3.11 Press and Starkey have prepared detailed measured estimates for both of the foundation design solutions referred to in 3.3 above. In the case of the piled foundation solution the estimate includes the piling quotation from Company 3 as stated above, together with the cost of the PAG “air blanket” gas membrane solution.

3.12 The respective costs of these solutions is as follows:-

.01 Original pad foundation proposal	£463,644
.02 Current piled foundation proposal including gas membrane	£1,196,823

3.13 The above costs are based on full re-measures of the Groundworks prepared by Press & Starkey and subsequently agreed in negotiation with Pellikaan Construction Ltd.

3.14 Included in the piled foundation solution cost is a Provisional Sum Allowance of £13,000 for the potential occurrence of clashes with existing piles.

4) **Mains Services Connections**

4.1 In accordance with Tender Clarification Note 2 which stated:-

“Bidders should exclude any costs associated with abnormal ground conditions or services and should assume that existing services are in place for both Lots and they have the capacity to deliver those required”.

A Provisional Sum Allowance of £30,000.00 was included in the tender for mains services connections which should have been adequate to cover the cost of connections to adjacent suitable supplies of adequate capacity.

4.2 Since appointment as Preferred Bidder investigations by the PFPLM Team have revealed:-

- 1) Gas: Existing gas pipework stripped back to meter by demolition contractor .
New gas connection required.
- 2) Water: Existing connection removed back to meter by demolition contractor.
New water supply needed.
- 3) Electric: Supply to old Council Offices building has been isolated and termination made at the meter.
New electricial connection is needed
- 4) Telephone: A number of existing cables cross the site that will need to be removed by BT Openreach.
New broadband connection to building will be needed.

4.3 Pellikaan Construction Limited, in conjunction with the Design Team, have been in touch with all the statutory supply authorities and the following quotations have been received:-

- 1) Gas quotation from National Grid for new mains gas
supply received on 10th June 2014 in the sum of £27,115.93
- 2) Electricity – upgraded power supply to the site is required

as well as a transformer.

Western Power quotation for supply received on 15th April 2014

In the sum of £40,000.00

In addition an allowance for transformer of £25,000.00 has been made.

This is at Pellikaan Construction Ltd's risk.

3) Water – quotation from Severn Trent Water dated 14 July 2014.

In the sum of £9,430.89.

4) Telephone – quotation still awaited from BT.

Provisional Sum of £5,000.00 in respect of the connection and associated trenching//BWIC to be included

The service connection costs stated above are at Pellikaan Construction Ltd's risk, with the exception of BT which is a Client Provisional Sum

4.4 An overall summary of the adjustment to the Tender for the Mains Services Connection Costs is given in Section 7.4.

5) **Demolition Works**

In the Demolition Specification issued by the Council during the tender stage the demolition of sundry walls and hard standings was shown on the drawings to be outside of the demolition area and as such we do not believe there should be any additional cost for this.

6) Programme and Prolongation of Contract Period

- 6.1 The original tender submission based on the pad foundation design was for a contract period of 65 weeks.
- 6.2 The requirement to introduce separate operations for piling and gas membrane have added a further 11 weeks to this programme.
- 6.3 In respect of programme the ISFT Tender submission the proposed start on site date for the works 23 June 2014. This proposed date is now 29 September 2014. Completion is due Christmas 2015 – Spring 2016.
- 6.4 The period since the submission of the ISFT and has seen a considerable upturn in the construction market with significant increases in sub-contract prices.

It should be noted that Pellikaan Construction Ltd have not sought any increase in their fixed price allowance as a result of this delay.

7) **COST SUMMARY**

	Description	Cost £
7.1	Cost of Surveys & Investigations	
	.01 Surveys Required for Planning Application	
	7.1.01 Archaeological desktop study and monitoring of borehole survey	£1,765.00
	7.1.02 Heritage Statement	£875.00
	7.1.03 Archaeological intrusive survey/monitoring Provisional Sum	£15,000.00
	7.1.04 Flood risk assessment (CWA)	£695.00
	7.1.05 Tree/arboricultural survey Provisional Sum	£2,000.00
	7.1.06 Transport assessment (WYG)	£4,450.00
	7.1.07 Provision of travel plan (cost yet to be incurred)	£1,950.00
	7.1.08 Noise assessment (Red Acoustics)	£3,750.00
	7.1.09 Noise Assessment for Condition 11	£1,800.00
		SUB-TOTAL
		£32,285.00
		Add Overheads & Profit @ 6%
		<u>£ 1,937.10</u>
		<u>£34,222.10</u>

COST SUMMARY

	Description	Cost £
7.2	Cost of Surveys & Investigations	
	.02 Surveys Required To Achieve Financial Close	
	7.2.01 Ground investigation report (Applied Geology)	£16,998.50
	7.2.02 Additional boreholes investigation by Applied Geology dated 11 July 2014	£9,950.00
	7.2.03 Subscan survey (Buro Happold)	£3,360.00
	7.2.04 UXB survey	£950.00
	7.2.05 CCTV drainage survey	£1,400.00
	7.2.06 Virgin Media survey	£650.00
	7.2.07 BT survey	£500.00
		SUB-TOTAL
		£33,808.50
		Add Overheads & Profit @ 6%
		<u>£ 2,028.51</u>
		TOTAL CARRIED TO SUMMARY
		<u>£35,837.01</u>

COST SUMMARY

	Description	Cost £
7.3	Additional Costs Due To Ground Conditions	
	7.3.01 Piled foundation solution	£1,196,823.68
	7.3.02 Original pad foundation solution	(£463,644.00)
	7.3.03 Extension to contract programme of 11.weeks for piling/ gas membrane weeks @ £11,000/week	Inc.
	TOTAL CARRIED TO SUMMARY	<u>£733,179.68</u>

COST SUMMARY

	Description	Cost £
7.4	Mains Services Connections Costs	
	7.4.01 Gas National Grid quotation of 6 June 2014	£27,115.93
	7.4.02 Electricity Western Power quotation of 15 April 2014 Allowance for transformer	£40,000.00 £25,000.00
	7.4.03 Water Severn Trent Water quotation of 14 July 2014 BWIC	£9,430.89 £5,000.00
	7.4.04 BT Provisional Sum allowance subject to BT Openreach quotation	£5,000.00
		SUB TOTAL
		£111,546.82
	7.4.05 Deduct Provisonal Sum Tender Allowance	(£30,000.00)
		£81,546.82
		Add overhead & Profit @ 6%
		£4,892.81
		<u>£86,439.63</u>

COST SUMMARY

	Description	Cost £
7.6	Overall Summary	
	7.1 Surveys required for Planning	£34,222.10
	7.2 Surveys required for Financial Close	£35,837.01
	7.3 Additional cost due to ground conditions	£733,179.68
	7.4 Mains services connections costs	£86,439.63
	7.5 Demolition	£Nil.
	Total Addition to ISFT Tender Sum	£889,678.42
	Original Pellikaan ISFT Tender Sum	£12,250,000.00
	CONTRACT SUM AT CONTRACT CLOSE	<u>£13,139,678.42</u>



HINCKLEY LEISURE CENTRE

**SUMMARY REPORT ON RESULTS OF SITE INVESTIGATION
AND IMPLICATIONS ON SUBSTRUCTURE DESIGN**

CW/14/120

ISSUE 1 - JUNE 2014

Prepared by: S C H Brown

Authorised by: J O'Donnell

Signed:

Dated: 05.06.14



CWA

Intelligent Engineering

**CW/14/120
HINCKLEY LEISURE**

CONTENTS

- 1.00 Introduction**
- 2.00 Information on Ground Conditions Available at the time of Tender**
- 3.00 Assumptions made by Pellikaan Construction at Tender Stage**
- 4.00 Ground Investigation Work carried out Post Tender**
- 5.00 Summary of findings of Site Investigation**
- 6.00 Proposed Sub-Structure**
- 7.00 Implications of Site Investigation Results on Sub-Structure Design**
- 8.00 Conclusions**



1.00 Introduction

- 1.01 Copeland Wedge Associates have prepared this report at the request of Pellikaan Construction.
- 1.02 Pellikaan Construction has provided construction costings to Places for People Leisure for their “Design Build Operate & Maintain” tender bid for this facility.
- 1.03 At the time of the tender bid no ground investigation information was available. Pellikaan’s costings were therefore based on ground conditions being good, with no allowances for abnormal conditions.
- 1.04 Places for People Leisure have been selected as preferred bidder by the client, Hinckley and Bosworth Borough Council.
- 1.05 In order to agree construction costs prior to entering into contract a site investigation has now been carried out.
- 1.06 Pellikaan Construction have instructed Copeland Wedge Associates (CWA) to produce a summary report on the results of the site investigation and the implications on the design of the substructure for the proposed Leisure Centre.

2.00 Information on Ground Conditions Available at the time of Tender

- 2.01 It is understood that no information on ground conditions at the site were available at tender stage.
- 2.02 Part of the site for the proposed Leisure Centre was occupied by the former offices of Hinckley and Bosworth Borough Council at tender stage. No information relating to the foundations of this building were available to tendering operators.

3.00 Assumptions made by Pellikaan Construction at Tender Stage

- 3.01 In the absence of any information on ground conditions Pellikaan Construction made the following assumptions in preparing their costs:-
 - Shallow mass concrete pad foundations
 - Ground-bearing floor slabs
 - Pre-cast concrete ground beams to perimeter spanning between mass concrete pads



- No specialist ground treatment
- No ground gas protection measures
- Pools supported on engineered filled ground

4.00 Ground Investigation Work carried out Post Tender

- 4.01 Pellikaan Construction instructed Applied Geology to carry out a Phase I Desk Study and Phase II Geo-environmental investigation as recommended by CWA.
- 4.02 The Desk Study investigated historical records of the site and other wide ranging information available from the Groundsure database. Nothing untoward was indicated as affecting this site.
- 4.03 Site works comprised the drilling of six cable percussion boreholes to depths of between 10.0m and 15.0m, and eight Driven Continuous Sampling boreholes to depths of between 4.45m and 5.45m.
- 4.04 Gas monitoring standpipes were installed in selected boreholes.
- 4.05 Laboratory testing was carried out on samples taken from the boreholes in order to determine geotechnical properties of the soils and to determine if contaminants were present that would require remediation.
- 4.06 Demolition of the former council offices was being carried out during the site investigation and it was discovered that the building was supported on piled foundations.
- 4.07 Research carried out by CWA has determined that record drawings for this building exist at University of Warwick Modern Records Centre. These drawings show piling and ground beam details as encountered on site during demolition.

5.00 Summary of findings of Site Investigation

- 5.01 Made ground was encountered in all boreholes, varying in thickness up to 1.3m. Materials encountered were mixed, with asphalt, gravel, clays generally prevalent.
- 5.02 Beneath the made ground glacial deposits were found, comprising soft to firm clays with varying amounts of sand and gravel present. Intermixed with the



clays were bonds of sand, often containing groundwater. The clays had softened significantly in places as a result of the presence of water.

- 5.03 The softer clays extended to depths of up to 5.3m below ground.
- 5.04 At depths ranging from 1.2m to 5.3m stiff clays were present, underlain by sand strata at depths between 6m and 10m below ground.
- 5.05 Beneath the footprint of the former council offices building the ground has been disturbed to significant depth during removal of the foundations. Groundwater ingress also occurred during excavation.
- 5.06 Due to the presence of existing piles beneath the former building and the soft clays within some of the exploratory holes, Applied Geology have recommended the use of piled foundations for the proposed building.
- 5.07 Suspended slabs are recommended for the swimming pool area. Elsewhere ground-bearing floor slabs placed on the natural strata can be considered, provided the presence of trees, either retained or removed, and the possibility of shrinkage/heave have been considered in the design.
Two boreholes drilled towards the southern end of the sports hall (CP5 & DCS8) indicate "relict topsoil" at depths of up to 1.8m and 1.1m. This material may well be unsuitable to support a ground bearing slab and is likely to require removal and replacement with an imported granular material, or ground improvement treatment in the form of vibro stone columns.
- 5.08 Groundwater monitoring indicates two distinct groundwater levels, a perched water table at between 1.19m and 2.3m within shallow granular lenses and a deeper groundwater at depths of between 4.39m and 9.86m within deeper granular deposits.
- 5.09 Chemical testing has revealed no contaminants that require any remediation.
- 5.10 Gas monitoring has established that elevated levels of carbon dioxide are present and that there are significant flows of the gas within certain boreholes. Upon review, the gas monitoring results classify the site as being Characteristic Situation 3. In public buildings this is likely to require a proprietary carbon dioxide membrane beneath the floor slab together with passive ventilation in the form of geocomposite strips beneath the floor, connected via pipe work to the atmosphere.



6.00 Proposed Sub-Structure

6.01 In accordance with the recommendations of the geotechnical specialist, Applied Geology, it is proposed to utilise piled foundations to support the structural frame. Two types of piling have been considered, driven piling and continuous flight auger (CFA) piling. Whilst driven piling is generally slightly less costly than CFA piling, consideration has to be given to likely disturbance to neighbours. Driven piling is particularly noisy and is considered to be inappropriate for this site with the nearest neighbour being a hospital. CFA piling has therefore been adopted as the chosen method.

Pile design is carried out by specialist contractors and their advice is currently being sought. Pile diameters are likely to be 300mm and 400mm.

6.02 The swimming pool tanks also need to have piled foundations. Advice has been taken from the specialist pool contractor, Buckingham Pools Ltd, and they have proposed a “flat-slab” pool base construction spanning between 400mm diameter piles installed on an approximately 3m x 3m grid beneath the tanks. This proposal is indicated on CWA drawing as CWA-14-120-002-P2.

6.03 Pool surround slabs at upper ground floor level are to be suspended, spanning between the pool tank walls and sleeper walls to the perimeter of the pool hall.

6.04 At lower ground floor level it is proposed to use a ground-bearing floor slab to the sports hall. Within the changing room/offices area a suspended “flat-slab” solution has been selected to avoid having to construct a multitude of pile caps and ground beams that would have been required if a ground-bearing floor slab had been chosen. Both options have been drawn and have been considered by Pellikaan before selecting the flat slab in order to accelerate construction timescales.

As discussed in clause 5.07 the southern end of the sports hall requires either ground improvement or removal of “relict topsoil” and replacement with imported granular material.

6.05 External terrace, ramp and staircases would also be supported on piled foundations to ensure that unacceptable differential settlements do not occur between internal and external spaces.

6.06 Generally to the perimeter of the building a precast concrete ground beam is to be utilised spanning between piles caps located at column positions.



- 6.07 Gas protection measures are required due to the site being classified as “Characteristic Situation 3”. It is likely that a proprietary gas membrane will be necessary in addition to passive venting beneath the floor slabs, venting to the atmosphere beyond the building footprint. The gas protection scheme is to be designed by a specialist contractor, and this process is currently underway.
- 6.08 No special precautions are required with respect to contaminated soils or groundwater.

7.00 Implications of Site Investigation Results on Sub-Structure Design

- 7.01 It can be seen from the descriptions in sections 3 and 6 above that these are clear and distinct differences between the sub-structure design assumed at tender stage and the sub-structure design based on the results of the site investigation.

7.02 Foundations

At tender stage it was assumed that mass concrete simple pad foundations could be used founded at shallow depths. The site investigation has dictated that piling is required necessitating the installation of 300/400mm diameter CFA piles, reinforced concrete pile caps, ground beams to tie the heads of piles together or the introduction of 3-pile groups to avoid the need for tie beams. In addition, the ground needs to be improved prior to piling taking place, in order to safely support the weight of the piling rig. This typically involves the installation of a stone blanket, designed on the basis of the weight and distribution of weight of the particular rig to be used for piling. In our experience, the stone blanket likely to be a minimum of 300mm thick, and probably of greater than 300mm thickness.

7.03 Pool Construction

At tender stage it was assumed that pool tanks would be ground-bearing, supported on engineering fill material to bring levels up from existing site levels. The pools must now be supported on piles. Obviously this involves the installation of the piles but the pool floor design also needs to be enhanced, with additional reinforcement, to enable the slab to span between the piles, taking no support from the ground directly beneath the tank. Pool surround slabs will be suspended. This would also have been the case in the assumptions made at tender stage.



7.04 Floor Slabs

Ground-bearing slabs throughout were assumed at tender stage. The current proposals are to maintain a ground-bearing floor slab to the sports hall, hence unchanged from tender stage generally, but with the addition of ground improvement or removal of “relict topsoil” to the southern end. Within the changing/offices area a ground-bearing floor slab could be used but additional piles, pile caps and ground beams would be required when compared with the scheme proposed on CWA drawing number CWA-14-120-002-P2. A suspended flay slab solution has been chosen on the basis of being more economic than the ground beam option and also faster to construct. The difference from the tender scheme is therefore the addition of piles and a fully reinforced suspended floor slab.

7.05 Gas Protection

‘Normal’ ground conditions were assumed at tender stage and it was envisaged that gas protection measures would not be required.

Gas monitoring results from the site investigation have classified the site as being Characteristic Situation 3. For a public building this is likely to require a proprietary carbon dioxide gas membrane, with welded joints and sealed to all penetrations such as drainage pipes, or services entries.

A sub-floor ventilation system is also likely to be necessary in order to satisfy Building Control and the Environmental Health department of the Local Authority. This protection system is subject to specialist design, which is currently being sought.

7.06 Contamination

The site was assumed to have no contaminants requiring remediation at tender stage and the site investigation has confirmed that to be the case, unless contamination is uncovered elsewhere on site during construction.

8.00 Conclusions

8.01 There are clearly some substantial differences from the tender substructure design with the design proposed now that the site investigation has been carried out. Increased costs will be incurred due to the requirement for the following:-

- Piles
- Pile caps



- Ground Beams
- Piling platform – stone blanket
- Partial suspended slab to changing/office area
- Ground improvement/removal of “relict topsoil” to southern end of sports hall
- Entranced pool slab design to span between piles
- Gas membrane
- Gas ventilation system beneath gas membrane

Appendix D – Summary of costs

Table 1

Summary of Additional Works	Amount
1. Surveys required for planning Including provisional sums for additional works due to archaeological monitoring £15k and arboricultural survey £2k	£34,222.10
2. Surveys required for financial close	£35,837.01
3. Additional works due to ground conditions Provisional sum for potential clash of existing piles £13,000	£733,179.68
4. Mains Services Connections Including provisional sum for BT £5k	£86,439.63
Overall Total Additional Cost to Tender	£889,678.42

Table 2

Revenue Implications	
2. NNDR (Based on 40% opportunity income)	£15,200 P/A
3. Building insurance	£20,000 P/A

Table 3

New Revenue Income Streams via PFPLM	
1. Access road maintenance (£1k per annum for term of contract)	£1,000
2. Grounds maintenance annual contribution via PFPLM towards upkeep of leased area	£900 (TBC)
3. Staff car parking – 10 passes for the contract period	£20,000 one off payment 2015/16

Appendix E – Legal / Contract update

Author - Stephen Pearson, Partner, Commercial Freeths

This report updates the position following our previous reports to the Project Board.

1. Interim Arrangements

The “*Interim Services Letter*” is close to being finalised. PFPLM will operate the current facility in accord with the terms currently in place with SLM, but with the following key changes:

- 1.1. a fixed “*adjustment*” of £500 for any failure to follow any individual contract requirements;
- 1.2. PFPLM to be responsible for any site defects or repairs up to £5,000 level per item up to an overall budget of £50,336. The Council to be responsible above that level;
- 1.3. employees to be transferred to the employment of PFPLM, subject to the terms of employee transfer under the DBOM Contract. If PFPLM’s costs increase above the projected level due to redeployment or other changes to existing staff costs, PFPLM will claim entitlement to reimbursement of additional costs;
- 1.4. the Council to continue insuring the structure of the facility and commit to keep existing equipment in situ;
- 1.5. a “*handback*” arrangement such that PFPLM hand back the site secured with drained pool and other systems drained etc and all utilities turned off;
- 1.6. PFPLM will be required to provide the service subject to the current condition of the facility and current operational programming;

Service Contract / Build Contract Issues

2. The appointment of the Building Contractor will take place by PFPLM and certification of completion of works on a monthly basis will be undertaken by an Independent Certifier who will owe duties of care both to the HBBC and to PFPLM. PFPLM have already appointed Pellikaan Construction. PFPLM have received an initial payment of £105,500 for pre-commencement works.
3. The Annual Management Fee (being the amount to be paid to HBBC by PFPLM subject to variations or penalties) is as stated within Schedule 5 of the Contract, being an average sum £900,000+ pa subject to indexation in accordance with the Retail Prices Index.
4. The Payment Mechanism specifies the sum due to the Council and required standards in terms of a range of things such as reporting obligations, state of repair, performance in respect of satisfaction surveys, opening of the facility during specified opening

hours, correct operation of heating and ventilation systems and cleanliness. Failure to achieve any of these standards has a financial implication in terms of an additional sum being payable to HBBC subject to an overall cap based on the Contract Value.

5. HBBC will own the new facility but enter into a Lease with PFPLM coterminous with the Service Contract. PFPLM are responsible for the internal operation of their facility, including employment of all personnel, routine health and safety and reactive maintenance. They will be required to insure their operations.
6. If PFPLM fail to meet the requirements of the Contract in terms of such matters as maintaining appropriate pricing, opening hours or a repeated failure to achieve contract standards, there is a process of Warning Notices to be served on them and ultimately termination of the Contract. Following termination, in the event of the Contract ending due to HBBC being at fault, it would be liable to reimburse PFPLM for all investment, loss of profit and redundancy costs of personnel. In the event that the Contract were to be terminated due to PFPLM's failings, the Council's liability would be limited to reimburse of unrecovered investment and employee compensation costs.
7. Insurance obligations are based on the Council insuring the structure of the facility, but PFPLM insuring their operations for public / employees / liability. Currently, SLM reimburse the cost of insurance for the Leisure Centre. PFPLM expect the Council to use insurance monies to reinstate the facility in the event of a "Total Loss" claim.

Long Term Staff Liability

8. All staff will be transferred to the employment of PFP (Hinckley) Ltd. At the end of the Contract Term of 20 years (or earlier if there is a contract termination) to the extent that staff are not transferred to a new leisure provider, PFPLM have indicated that they expect the Council to reimburse all staff redundancy costs. If this were not to be accepted, the Management Fee would be adjusted to account for this potential additional cost.

Management Fee Risk Issues

9. The above sum, (subject to RPI indexation) can be regarded as fixed under most circumstances. However, the contract does allow for certain specified events to occur which could have the effect of changing that figure.
10. If the Council wish to make a variation to the works or the services, this can lead to an obligation either to pay a lump sum to PFPLM or an adjustment of the Management Fee. Generally, any proposal for a Variation is subject to a detailed "Change Protocol". However, where a change is required by PFPLM to conform with a Change in Law, the Council would be obliged to accept the change. Additionally, if site conditions (for example the discovery of fossils or antiquities) required a Variation to the project, the Council would be deemed to have proposed a change.
 - 10.1. The site is subject to the discovery of fossils and antiquities, disruption caused to the Contractor's operation by the Council, which disrupts access to the site, which could lead to a Compensation Event, ie an amount which requires an additional sum to be paid to the Contractor either by way of a lump sum payment or a change to the Management Fee payment.
 - 10.2. If the Council require a change to PFPLM's programmed maintenance operations and this leads to a loss of revenue, the Council would have an

obligation to reimburse with respect to loss of revenue and increased maintenance costs.

- 10.3. Step-In – if there was a concern such as a health and safety issue, the Council has the right to step into the contract. If it did, there would be an ability to make some adjustment to the Management Fee, as operator PFPLM would no longer be receiving income from the operation of the leisure facility. The contract features a loss of revenue schedule setting out how this amount would be calculated.
- 10.4. Utilities – generally, PFPLM take risk with regard to the consumption of utilities but changes in the unit cost of utilities are subject to a “*cost benchmarking procedure*” which allows for an adjustment to the Annual Management Fee if increases in utility unit costs are above increases in RPI.
- 10.5. Competing Facilities – if the Council were to support financially a competing leisure facility within a 2 mile radius (this does not include giving small grants to community bodies) then, subject to an agreed schedule there would be an obligation to pay a sum (as an adjustment to the Management Fee) with respect to the loss of income incurred by PFPLM as a result of the operation of the competing facility.
- 10.6. Access Protocol to protect environmental sensitivities on site – to require PFPLM to work with McCarthy and Stone to resolve logistical issues related to site access.
- 10.7. Build Contracts – we have undertaken due diligence on building contracts and professional appointments. Collateral Warranties are being obtained from the builders and all key sub-contractors in favour of the Council.

Contract clarifications

11. Car Parking (Schedule 27) – adjacent car parking to the Leisure Centre will be chargeable, including to Leisure Centre staff who will be able to purchase long-stay permits
12. NNDR (Schedule 19) – the NNDR treatment of the new Leisure Centre has been resolved based on PFP receiving 80% Mandatory Charitable Relief and applying Additional Discretionary Relief
13. Loss of Revenue (Schedule 8) – compensating sums have been agreed in the event that PFP loses money due to the Council sponsoring a competing facility.
14. Guarantees
 - 14.1. Following concerns that were expressed following the takeover of DC Leisure by PFPLM, enhanced Parent Company Guarantee terms have been obtained from PFPLM's parent company “*irrevocably and unconditionally*” guaranteeing the performance of the leisure services.

- 14.2. In line with the Council's standard requirements, a Construction Bond for 10% of the Contract Value and £150,000 through the Service Period is being facilitated.
15. Insurance – PFPLM are seeking a “*Joint Project Policy*” for the facility – approval for this is awaited from Zurich as the Council's insurers.
16. Authority to Sign – PFPLM's Solicitors are requesting that the Council's powers to enter into the Contract are formally certified under the Local Government Contracts Act 1997. A form of Certificate has been drafted.

It is planned to execute the Services Contract and other documentation such as the Construction Contract with Pellikaan on 5 September 2014.

Appendix F

Previous Member questions and responses on Leisure Centre Project

Questions have been collated in 4 sections:

- Design
- Legal
- Financial
- Operational

No.	Question	Response / Answer
Design		
1	What provision will there be on site for outside play?	<ul style="list-style-type: none"> • A grassed play area will be provided as part of the scheme • This will compliment Argents Mead
2	What is projected life span of the building?	<ul style="list-style-type: none"> • 40 years
3	What car parking, additional bus and coach parking and drop off points will there be? Feel that the parking for the new centre is not adequate?	<ul style="list-style-type: none"> • New facility will be served directly by Mount Road car park – 106 spaces • Argents Mead location will have circa 264 spaces conveniently available. In addition, the bus station car park will have 560 spaces. • Post all of the town centre developments there will be a net increase in the number of car parking spaces circa 19% • Busy periods for Leisure Centre are 5pm – 9pm when the town centre businesses are predominately closed.
4	How much bigger is a 'family' climbing wall than a 'normal' one?	<ul style="list-style-type: none"> • 'Family' means it is suitable for all ages and abilities • HC4YP wall is suitable for young people. • Provides natural local progression
5	Do we need to start looking at the future now so we're prepared for the next new centre that we'll need, in about 40 years?	<ul style="list-style-type: none"> • As the facility is on HBBC land, there will always be the option to rebuild/refurbish
6	a) Did we engage with the squash club to discuss whether they wished to relocate to the leisure centre? b) Why are there no squash courts in the building? c) Is the squash club a members' club? d) Will current leisure centre users be on equal standing with their members for access to squash courts?	a) Yes, however they wished to remain independent b) No commercial requirement was identified by any of the Bidders c) The Council and the successful bidder will be working in partnership with Hinckley Squash & Rackets Club to secure alternative provision. This is supported by national governing body for Squash. It ensures better facility, continuity and sustainability d) Yes, Club will be introducing a pay and play fee which will be contained within

		formal legal agreement. For detail refer to Council report dated 1/7/14 minute no 27
7	What is the size of partner accommodation/office space in the building?	<ul style="list-style-type: none"> 120sqm 16 desks.
8	Reference to the like for like bids - concerns in relation to the difference in mass of the building between bidder A and bidder B. What is the difference in square metres between the two bids?	<ul style="list-style-type: none"> Both submissions share a similar footprint and make use of the slope in the site to avoid the building being higher than the old Council offices. Bidder A - 6,420sqm2 (3 storey building) Bidder B – 4,859 sqm2 (2 storey)
9	Has any space been lost in the building for the additional spectator seats?	<ul style="list-style-type: none"> No
10	If a new party came in at the next election, can the building be modified to accommodate the swimming club needs?	<ul style="list-style-type: none"> This would require a potential new procurement process, at the minimum a variation to the contract and the associated costs would need to be fully explored.
Legal		
11	If things changed as a result of the discussions with the preferred Bidder, would it come back to council to decide what to do?	<ul style="list-style-type: none"> No formal requirement, as reserve? Bidder B would come into play, in accordance with the Council decision – it is another high quality submission.
12	Appendix 1 para 2.6. What did the bidders score on health and safety, as there is a concern they scored 5/10	<ul style="list-style-type: none"> Both Bidders scored 8 for H&S (8 = very good)
13	Why did bidder A only score 29.7% and bidder B 30.9% for services?	<ul style="list-style-type: none"> Refer to Council report 21/1/14 – section 6, which shows that the difference is marginal
14	Are there any break clauses?	<ul style="list-style-type: none"> Yes, there is a termination clause in the contract for under performance.
15	What if company goes into liquidation during 20 year period?	<ul style="list-style-type: none"> HBBC retains the facility. HBBC may decide to run the facility short term (staff would TUPE across) and then a new partner would be sought to manage the facility – this will be detailed within the contract.
16	Will all of the staff be TUPE to new Centre?	<ul style="list-style-type: none"> Yes
17	Will there be two contracts due to the new company structure?	<ul style="list-style-type: none"> No, just one with PFPLM
Financial		
18	Are the costings only for the life of the borrowing?	<ul style="list-style-type: none"> The costings provided are for the life of the contract. Any borrowing costs that are due because of the length of the loans will be reflected in the Council's budget.
19	What reassurances do we have that the £485k will be achieved? Is Bidder A too good to be true?	<ul style="list-style-type: none"> The total amount that will be received over 20 years is £18million or an average per year of £902,000. The profiling of the income will be part

		<ul style="list-style-type: none"> of the Contractual agreement • Robust supporting information presented within tender submission • Any major variations to the scheme design would impact on this figure. • Consultant has provided assurances
20	Are both companies sound and have they been checked?	<ul style="list-style-type: none"> • Yes as part of initial PQQ stage both very sound • Financial quality checks have been undertaken and are available.
21	Can officers clarify the rate that monies will be borrowed at?	<ul style="list-style-type: none"> • This will be based on the most preferential rate at the time of borrowing. Generally this tends to be from the Public Works Loan Board.
22	Para 7 (financial) - What reassurance can officers give in relation to fees and charges of the activities at the leisure centre?	<ul style="list-style-type: none"> • Fees and charges will remain under the control (approval) of HBBC – as per existing contract.
23	What will be the cost of extension to contract due to additional construction works?	<ul style="list-style-type: none"> • Refer to section 4 of this report
24	What are the construction payment terms?	<ul style="list-style-type: none"> • Monthly, based on independently certified certificates for works completed
Operational		
25	In relation to maintenance and equipment, what monitoring arrangements of this will the Council put into place in relation to the Leisure Contract?	<ul style="list-style-type: none"> • The contract with the developer/provider is for full repair and maintenance • Full details will be included in the contractual agreement • The Council will maintain an on site presence
26	What are the timescales with the old building?	<ul style="list-style-type: none"> • Current contract ends 31st March 2015. Bidder A will 'run' existing facility until new facility opens its doors. All associated costs are within tender price.
27	Will there be a noise impact on neighbours due to piling works?	<ul style="list-style-type: none"> • Minimal during working hours

Appendix G

Correspondence Summary with Hinckley Swimming Club

Date	Who	Discussion points
Consultation January 2013	Wider Swimming Club users	Part of the User Group consultation process the results of which were made available to all Bidders, with the aim to inform their design proposals. 20 (standard) responses received from club users
January 2013	Procurement process commenced	
Meeting 9 th December 2013	Simon Jones Karen Mason Clive Clarke Paul Sippitt Colin Holden Sue Phillips John Edwards Nick Hunter	Met with club In advance of public previews going live on the 10/12/13. This was to share the two final designs received, bring the club up to speed with the wider procurement process and answer any questions. Feedback from the club was a negative. Expressed that there will be an opportunity to discuss the detail of the aquatics offer/design in the new facility when the preferred bidder is selected in January 2014. Asked that HSC formally provide a brief number of points capturing their feedback to design previews.
Public preview events 10 th - 17 th December 2013	Wider Swimming Club Committee members and users of the Leisure Centre	Opportunity to view the two final design solutions being presented by Bidders
Email 16 th December 2013	Formal written response from Chair of HSC (Clive Clarke). "not overly impressed". A number of questions and comments were raised.	Response back to CC offering club opportunity to meet with preferred bidder on 28th January 2014
Hinckley Times Article 16 th January 2014	Hinckley Times article from HSC raising concerns over pool (Paul Sippitt, Head Coach) <ul style="list-style-type: none"> - "New pool still misses out on size say club" - "Missed Opportunity" - Not a competition standard pool 	Formal comment provided to HT:- "No decisions have been made yet on the final designs for the new leisure centre. Representatives from the Swimming Club have been invited to a meeting with the council to discuss matters

	<ul style="list-style-type: none"> - 100 seats not enough for their competitions - Have made representations to HBBC 	further and we are awaiting their response.”
Letter 19 th January 2014	Letter from Leicester and District Swimming League (Richard Stock, Sec) -	<ul style="list-style-type: none"> - Welcome development in general - Concern that seating requirements for their Galas are 250 seats (8 lane pool) <p>Would require 1.8m or 2.0m depth for full length</p>
Meeting Hinckley Hub 28 th January 2014	Simon Jones Karen Mason Robin Thompson PfP Reps Clive Clarke Paul Sippitt Colin Holden Sue Phillips	Preferred Bidder meeting. Swim club attended at 5pm. Number of concerns/ questions from club were raised as detailed above.. Commitment by HBBC and PfPLM to look at the key design points. It was confirmed that a number of operational points (pool programme etc) will be covered post contract close as this is finer detail.
Public pre view events Final design from PFPLM 3 rd and 4 th February 2014	Wider Swimming Club Committee members and users of the Leisure Centre	Opportunity to view the final design solution being presented by PFPLM
Meeting Hinckley Hub 17 th March 2014	Simon Jones Karen Mason Robin Thompson PfP Reps Clive Clarke Paul Sippitt Colin Holden	Items discussed:- Spectator Seating Pool Depth Electronics Storage Agreed to increase no. spectator seats
Planning application consultation periods 10 th April 2014 – 8 th May 2014 12 th May – 22 nd May 2014	Opportunity for the club to formally comment on designs to Planning Officers	No comments were received by the Hinckley Swimming Club
Site Visit to West Bromwich 29 th May 2014	Invite was extended to Clive Clarke to attend the soft opening of West Bromwich Leisure Centre.	On back of site visit Clive Clarke raised a number of comments from Swimming Club, wishing for further clarification.
Meeting 14 th July 2014	Simon Jones Karen Mason Clive Clarke	To brief HSC on the current position regarding the wider leisure centre programme, particularly the ground works issue. Agreed to meet with HSC after the scrutiny meeting held on 17.07.14
Meeting 22 nd July 2014	Simon Jones	Briefed wider Committee members on the current

	Clive Clarke Paul Sippitt Nick Hunter Pat Shreeve Lawrence Shreeve	situation and discussed a number of operational matters.
Email 30 th July 2014	Clive Clarke	Seeking further clarification on the feedback received at the above meeting. Questions raised with this email are captured in Appendix H

Appendix H

Hinckley Swimming Club related questions - Summary

No.	Question / statement	Response / Answer
1	The club accept the new Leisure Centre will be an improvement on the existing facility however, this did not mean the club accepted the new pool facility was an improvement; yes it has 8 lanes and 160 seats which is an improvement compared to 6 and 37 but we are losing flexibility as there will only be two pools compared to the existing three.	<p>There will be 3 pools in the new facility as per design approved by Planning Committee.</p> <p>The new facility will see an increase in pool space. 3 pools at the existing Leisure Centre totals 550m (learner 12.5 x 7m, main 25 x 12.5m and aqua 12.5 x 12m) whereas the new facility is 575m (25m x 17m plus 10 x 15m) therefore, a net increase of 25m.</p>
2	Please confirm that our fees in the new facility will be the same as we are currently paying?	<p>As detailed within the Contract PFPLM will require the approval from HBBC as part of the annual adoption of the Councils fee and charges.</p> <p>It is anticipated that the fees and charges will align to the council's fees and charges structure taking into account annual inflation. This will not prohibit other discounting arrangements that maybe commercially negotiated between PFPLM and Hinckley Swimming Club.</p> <p>The council will aim to endorse the outcome of negotiations between PFPLM and Hinckley Swimming Club.</p>
3	Will turning boards at both ends along with a set of starting blocks be provided?	Confirmation that turning boards and starting blocks (16) will be provided as part of the scheme.
4	Can you please confirm that as a minimum, our current bookings/programming in the current centre will be honored in the new facility?	HBBC can confirm as a minimum, our current bookings/programming in the current centre will be honored in the new facility and has been factored into the contract.
5	Who at the council can agree to changes to the Clubs bookings and programming and is this written in to the contract with PFPLM?	The Client (Cultural Services Manager) on behalf HBBC. Any changes would be discussed and would need to mutually acceptable.
6	Would HSC lose our ability to teach swimming when we moved to the new facility? We asked if the contract included such a clause?	<p>This position has been clarified and there is no clause in the contract which precludes other organisations from teaching swimming and PFPLM are aware of your current provision of lessons.</p> <p>Confirmed – the contract does not prevent HSC from continuing with their current programme of teaching swimming</p>
7	What is meant by "PFP will work to accommodate our needs for usage at the new facility" emphasis being on "accommodate" which does not mean "guarantee to provide"?	As above, as a minimum, HSC provision of swimming lessons in the current centre will be honored in the new facility.

8	Electronic timing was discussed and it was confirmed the wiring "containment" to support electronic timing would be installed during construction phase but the purchase of the system would be down to the club, which you would help support any funding request we need to make?	Confirmed – the Club need to agree equipment spec, costs etc ASAP allowing us to share with construction company for containment purposes. HBBC will assist the Club in its quest to seek support funding.
9	Will there be opportunities to discuss additional programming requirements over and above what the Club already has are protected in both the existing and new facilities after PFPLM take over in April 2015?	Yes, there will be many discussions with PFPLM as there will be multiple items to discuss. Not exhaustive these include, operational procedures, marketing and promotion opportunities, staffing, programming etc HBBC commit to continue to work with HSC now, when contract is signed, at the existing centre, when we move into new and in future years. This commitment applies to all clubs at Hinckley Leisure Centre.
10	What is going to be done to encourage water polo?	HBBC and PFPLM will engage with the water polo during the Interim contract period to discuss the club's aspirations and requirements.
11	There was discussion around water polo goals and we were advised that existing club assets would not be allowed to be moved to the new facility. This prompted discussion around what was being provided by the new operator.	HBBC awaits the specification from the club for both senior and junior goals. The existing junior goals have been assessed they are not suitable for the new facility, they are poor quality.
12	Were all stakeholder groups to the leisure centre consulted prior to plans being submitted for tender?	Yes, existing user groups at Hinckley Leisure Centre. This included schools, groups and clubs. Health, Leicestershire County Council, BID, sport England, ASA and a wide variety of other stakeholders were consulted.
13	Did the Council consult with our neighboring councils from Lutterworth, Braunstone, Nuneaton and Rugby to understand their perspectives and why they chose the competition pool route?	HBBC liaised with Leicestershire & Rutland Sport in particular with their Facilities Manager. Dialogue was held with LCC over Braunstone. Bidders researched local provision at the tender stage.
14	Were competition facilities such as 250 spectator seating, rising boons, raised ends and adjustable depths costed in as options with the initial proposal, or indeed, in any subsequent proposal? If not then why not? If yes, then were additional funding options considered?	Neither of the items raised were costed in as part of the original specification as the council did not request this of bidders. Subsequent discussions with Hinckley Swimming Club at preferred bidder stage have allowed for adjustments to be made to accommodate additional spectator seating. The council has negotiated additional seating to take the proposal from 100 to 160 seats. This has meant a change to some of the building material used in the main pool hall. This has had to be achieved within the cost envelope. The opportunity to access external funding was considered.
15	Will the leisure facilities be suitable for	The Council believes that this first class

	<p>the next two generations?</p> <p>Is this to be our net contribution to the promotion of competitive sports within our town?</p>	<p>community leisure centre is a fantastic offer for the community now and in years to come. A facility the Borough will be proud of.</p> <p>The Council provides a wider Sports Development service to sports clubs not just in Hinckley but across the Borough. We would like to point out the Council's commitment to sport in its widest sense. During the past 5 years HBBC Officers have helped to secure over £4.5m via external funding streams which have improved local sporting facilities. Our local schools teams have won sub regional school games competitions twice in the past 3 years. We honour and support our clubs and volunteers via the annual Sports Awards and as an authority H&B has the best value for money on its investment into sport across the whole of Leicestershire (source Leicestershire & Rutland County Sports Partnership)</p> <p>The Council's significant investment into a new Leisure Centre – for the residents of H&B is a clear commitment that we are willing to invest.</p> <p>The councils Graduate Legacy Maker post; this funding is secured externally through Leicestershire and Rutland Sport. This comes at no cost to the taxpayer. HBBC hosts this post as do other districts. A total of 10 Legacy Makers across Leicestershire. The programme is supported recognised of its impact by Sport England. The Legacy Maker supports the above delivery.</p>
16	Quest to seek external funding	HBBC will support HSC to obtain external grant funding to enhance the equipment associated with gala's. This offer extends to other user groups and wider sports clubs in the borough.
17	Potential impact on membership	HBBC along with PFPLM will expect an increase in the number of new members for HSC. The Council and PFPLM would be willing to assist in signposting children and volunteers to join the club.

18	Hinckley and Bosworth Borough Council are not prepared to give the communities swimmers the same opportunity provided by other local councils yet for squash, which does not have the same level of participation as swimming, is being given a new facility that can hold National Competitions.	HBBC would like to point out the Council's commitment to sport in its widest sense. During the past 5 years HBBC Officers have helped to secure over £4.5m via external funding streams which have improved local sporting facilities. Our local schools teams have won sub regional school games competitions twice in the past 3 years. We honour and support our clubs and volunteers via the annual Sports Awards and as an authority H&B has the best value for money on its investment into sport across the whole of Leicestershire (source Leicestershire & Rutland County Sports Partnership) The Council's significant investment into a new Leisure Centre – for the residents of H&B is a clear commitment that we are willing to invest. As for squash, as previously discussed (22/7/14) this is different matter – the details of which can be found in the public Council report dated 1 st July 2014.
19	Producing potential future champions - something they feel the council might want to encourage given the legacy of the Olympics and the Commonwealth Games.	HBBC has a proven track record in supporting talented athletes. HBBC has facilitated support to date of £1,900 for HSC swimmers through the Health & Sports Alliance. The increase in the number of people swimming will have the single biggest impact on producing future champions. The new pool will increase the participation in swimming by 40% (from 268,000 visits to 373,000 visits).
20	At the stage where Bidders were invited by HBBC to submit a tender, why was a moveable floor not included by HBBC as a minimum requirement for the new facility rather than an option, bearing in mind that other leisure centre pools in the local to Hinckley namely, Nuneaton, Rugby, Lutterworth and Braunstone all have moveable floors?	Not deemed to be a minimum requirement for a community Leisure Centre. Option was always open for bidders to specify this option. None of the 5 submissions proposed this. It is worth noting that some of our neighboring pools have limited or no teaching water space i.e. no learner pool – which would have been a key consideration when they installed a moveable floor in their main pool.
21	Please clarify who has deemed a moveable floor not financially viable, HBBC or the Preferred Bidder and why, providing detailed reasoning for doing so?	Please refer to costings with Appendix I
22	Based on a document written by Sport England they indicate the capital cost of a movable floor with boom would be in the order of £500,000, which is £12,500 per year (or £248.38 per week) over the 40 year life of the new leisure centre. When assessing financial viability of a moveable floor, either at the Tender stage or at the recent re-design request	This would have been considered by each bidder at the early design stage. Note the contract is for 20 years. Building life expectancy is 40 years. It should be noted that to achieve an enhanced competition pool which includes a moveable floor the costs would be substantial

	<p>stage, what criteria was used and what factors were taken into consideration to determine financial viability.</p> <p>Please provide written details of the comparisons undertaken with regard to a cost/benefit analysis with and without a moveable floor.</p>	<p>- Please refer to Appendix I with regards to competition specification costs.</p>
23	<p>In assessing financial viability and carrying out the cost/benefit analysis of a moveable floor, what steps were taken by HBBC and/or the Preferred Bidder to consult with user groups of the existing Leisure Centre to discuss the potential for additional revenue from a facility with a moveable floor; we know Hinckley Swimming Club were not consulted? If no one was consulted how was an informed decision made?</p>	<p>A request was made by HSC to the Project Team for the PFPLM to consider moveable floor option. This was duly considered and as discussed with HSC it was not deemed to be a viable option. Any additional revenue would be consumed with increased running costs i.e. heating a larger body of water.</p> <p>Please refer to Appendix I with regards to competition specification costs.</p>
24	<p>What reason did the Preferred Bidder give for not wishing to pursue the option of raised ends?</p>	<p>Not financially viable and this was not costed into the tender submission.</p>
25	<p>If the answer to a) above is the cost of installing raised ends, please provide written details of the costs impact the Preferred Bidder provided to HBBC regarding installing raised ends together with the explanation why this was not considered further recognising that raised ends provide greater safety when teaching swimming in particular turns and during lane swimming?</p>	<p>Turning boards will be provided. Please refer to Appendix I with regards to competition specification costs.</p>
26	<p>Hinckley Swimming club will as a minimum maintain its current pool time at the new facility?</p>	<p>Please refer to answer (4)</p>
27	<p>Hinckley Swimming Club will not be prevented from continuing with their current programming of both teaching and coaching swimming and it's associated (water polo and synchronised swimming) disciplines at the new facility? (It is Hinckley Swimming Clubs view that any restriction imposed on them may be a breach of competition law)</p>	<p>Please refer to answers (6) and (7)</p>
28	<p>Hinckley Swimming Clubs fees for the new facility will be aligned to its current charges in the existing facility, preventing the club from suffering an unjustified substantial increase and that any subsequent annual increases will be aligned with inflation?</p>	<p>Please refer to answer (2)</p>
29	<p>The club were hoping the new pool would give Hinckley swimming club the option to develop and expand its</p>	<p>The Council and PFP will be happy to meet with HSC to discuss their future swimming requirements and see how this can be</p>

	provision over the life of the new facility as it has been able to do over the life of the existing facility. What assurances will be given to the club that it will be given additional pool time to meet its expansion as the local community expands?	accommodated within any future pool programme.
30	Please confirm the tenderers were provided with details of the fees paid by Hinckley Swimming Club as these are not published rates and were they considered in their assumptions of the return they will make to HBBC?	These were not provided at tender stage. PFPLM have been made aware of the fees paid.
31	With the decision to build a community leisure pool and not a competition pool how is HBBC going to achieve the above statement and assist in the development of aquatic sports Hinckley Swimming Club have been providing for the community since 1910, as Hinckley Swimming Club is the sole provider in Hinckley and Bosworth that can benefit from the success of London 2012 and assist athletes for Rio 2016?	<p>As HSC is aware the development of aquatic sports is not just about swimming clubs and it is wrong to say that HSC is the sole provider in H&B that can benefit from the success of London 2012 and assist athletes for Rio 2016.</p> <p>The development of aquatic sports is also about increasing participation in swimming and other aquatic sports with effective pathways for those people interested to take up competition and training at a serious level. The new pool will increase the participation in swimming by 40% (from 268,000 visits to 373,000 visits). It is anticipated that the swimming club will also benefit from increased members through this increased use of the pool by working closely with PFPLM, ASA and the Council to ensure the development pathways are in place and people are signposted to the Club.</p>
32	If Sport England were approached what work was done in obtaining external funding to boost the budget and enhance the specifications of the new facility?	Sport England were not approached as their funding streams available at the time did not cover large scale capital projects. An early decision was made that HBBC would utilise its own resources. Reminder that HBBC works with a wide variety of local sports clubs in securing Sport England funding. More appropriate that SE funding should go to support these voluntary led organisations.
33	Why is this so and does the current high Co2 emissions and possible penalties at the current facility factor in this?	The procurement was not rushed through – it followed a defined process and approach in line with market position. The CO2 emission is not a factor.
34	Why were user groups including Hinckley Swimming Club not consulted by the consultant employed by HBBC prior to submitting its recommendations?	It was always intended that Users Groups would be consulted after Council approved the go ahead for the project – hence consultation in Jan 2013.
35	Why were user groups including Hinckley Swimming Club not consulted by HBBC prior to the Consultants recommendations going before Scrutiny and full Council in November 2012?	HBBC made previous consultation material from 2010 available to the Consultant. Within the budgetary constraints it was advised that the facility mix specification should not contain detailed requirements, as this was a Design Build Operate and Maintain contract.

36	Prior to the consultant's recommendations being put to HBBC and agreement reached to proceed with the procurement process why were the facilities users groups not asked their opinion?	The facility mix provided in the Council report November 2012, was based on a minimal requirement. Bidders had the opportunity to submit enhanced proposals. Refer to Appendix A.
37	Why were the facilities user groups not informed of the recommendations made by the consultant when the consultation form was issued?	All reports are publicised on the Council's website.
38	Despite Hinckley Swimming Club providing its recommendation for the new pool and varying options why were none of these included within the specification that was used to invite tenders for the new pool?	The requests made by Swimming Club representatives (i.e. 50m main pool) were considered by all bidders at the early design stages.
39	We understand the consultation forms were issued to the bidders for information why the tenderers were not given clear instructions to consider all proposals put forward by the facilities user groups and even recommend they speak with the user groups prior to submitting their tender?	Within the budgetary constraints it was advised that the facility mix specification should not contain detailed requirements, as this was a Design Build Operate and Maintain contract. All 5 bidders were asked to consider all of the consultation forms received – not just the swimming related responses, but all responses.
40	It has been suggested to Hinckley Swimming Club the consultant used by HBBC in 2012 to provide recommendations on the new pool was an ex Director of DC Leisure is this correct or a misunderstanding?	He was not a Director of DC Leisure but did work for DC Leisure for a period of 8 months as a Regional Manager (Oct 1996 – Apr 1997), some 17 years ago. He has not had any relationship with DC Leisure since then. The Council was aware of this when appointing him.

Appendix I - Additional requirements and costs associated with revising the approved scheme to an enhanced Competition Pool

HINCKLEY LEISURE CENTRE



Main Pool – Design requirements for an enhanced competition pool

	Current Proposal	Enhanced Requirements
1.0	Pool Hall	
	- 2.0m wide lanes with 0.5m outside.	- 2.5m wide lane with 0.5 outside is preferred. Thus O/A width will increase to 21m. - Min 2.0 wide lanes required.
	- No Raised ends.	- Raised ends to both ends of pool required.
	- 1.8m deep pool with 1.0 depth @ shallow end.	- Movable floor with 2m depth required.
	- 3.0 pool surround @ deep end and 2.5m to sides and 2.0 @ shallow end.	- 4m @ start end, 3m @ turning end and to both sides required.
	- 100 pool side seats around main pool (Fixed bench).	- 250 seats for competitors and official required.
	- 160 spectators seats inc wheel chair spaces @ first floor level.	- 250 spectator seats and 6 no. spaces for wheel chairs required for competition use. Could bring seating down to ground level.
	- Site lines from Spectator seats – OK for informal community use.	- Minimum “C” value should be 90mm, but 120mm is preferred.
	- 300 lux Lighting Level.	- 500 lux for competition and 300 lux for other activities required. (Note FINA requires 600 lux for water polo)
	- Pool Store	- Additional space for the equipment required. - subject to number of sports played.
	- Equipment – Refer to PfP schedule	- Swim timing system comprising timing computer, printer required - start system with 8 speakers required - 8 touch pads required - wiring harness and 8 lane Alpha numeric scoreboard required - Storage trolley for touch pads. required - Control rooms at the start & finish end of the pool – direct access from pool side required.
	- first aid room	- Dope testing room required. Can be incorporated in the First aid room.
	- meeting room @ L.G.F	- Dedicated meeting room. i.e. at pool level?
	- 3700mm clear ceiling height with 2800mm @ lowest point (clear under beams).	- 4500mm – 6000mm ceiling height preferred - min 3500mm @ lowest point required.
		- Protection to building fabric (walls/ glazing/ soffit etc.) if water polo is played.
		- 700mm high x 1000mm wide platform to both ends for goal judges for water polo required.

BUDGET CONSTRUCTION COSTS TO AMEND THE SCHEME TO INCORPORATE REQUIREMENTS OF AN ENHANCED COMPETITION POOL

1) Inclusion of a moveable floor to provide a constant 2m depth	
Alterations to concrete pool structure, pool filtration, tiling and groundworks	£195,000
Moveable floor - 25 x 17m	£370,000
Plant room for moveable floor	£15,000
2) Increase in building size to accommodate the additional requirements (increased pool surround widths/100 Nr additional spectator seats/150 Nr additional competitor and officials seating pool side/dope test room/meeting room increase to minimum height of pool hall)	£1,515,000
3) Additional timing equipment	£100,000
4) Additional pool activity equipment	£25,000
5) Implication on programme to allow for re-design and additional works	
Estimated at 5 months delay to project	£320,000
6) Additional Design fees required to undertake re-design works	£75,000
7) Planning Fee - assume amendment to existing permission	£10,000
SUB-TOTAL	£2,625,000
CONTINGENCY - 15%	£394,000
TOTAL	£3,019,000

Total cost included above in respect of Moveable floor is £705,000

NB: The additional costs are based upon the acceptance by the Planning Department of the increase to the foot print and overall size of the building required to accommodate the additional facilities noted above. The increase in the size of the pool hall will have an implication on the complete ground floor not just the pool hall to keep the symmetry of the building

It is assumed that the planners will accept these as an amendment to the scheme rather than a new application which would result in further delays

In addition to the capital costs the revenue implications must be considered:

- Life Cycle and Hard FM costs would increase by £27,500 per year for the concession period
- Implication on Management Fee is likely to be very significant but is excluded at this time

Ends

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