



22 February 2019

Wards: Beverley and Newland Ward

HCAL Capital Investment Programme - Ennerdale Leisure Centre
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Report of the City Manager Nick Howbridge

This item is not exempt

This is a Key Decision

The decision is listed in the Forward Plan Ref No: 0009/19

1. Purpose of the Report and Summary

- 1.1 The purpose of the report is to seek authority to initiate a tender on a package of works to Ennerdale Leisure Centre and approve the commitment of capital investment to a maximum value of £1.9m against the Council's capital programme.
- 1.2 Ennerdale Leisure Centre was constructed in excess of 30 years ago. The proposed works have been identified as necessary to Ennerdale Leisure Centre as there is a pressing need to carry out repairs and improvements to the fabric and plant within the building in order to ensure that it can operate in the future.

2. Recommendations

- 2.1 To authorise the tendering of a scheme of works to Ennerdale Leisure Centre, through the YORbuild2 Framework Contract and approve the requisite capital investment to deliver the project of up to £1.9m against the Capital Programme agreed by Council..
- 2.2 That the evaluation criteria for the evaluation of the contract be 70% price, 30% quality
- 2.3 To delegate approval to award a contract to the City Manager Property and Assets in consultation with the Town Clerk

3. Reasons for Recommendations

- 3.1 At the point that Hull Culture and Leisure Ltd were established capital funds were included in the capital programme to be applied to support improvements to the buildings leased to Hull Culture and Leisure Ltd.
- 3.2 Condition surveys were undertaken of the buildings being leased. The survey of the Ennerdale Centre indicated that there was a need to upgrade the Leisure Centre energy, lighting, ventilation and filtration systems works and to undertake improvements to the interior.
- 3.3 Investment in the building will improve the quality of the building, extend its lifespan and help reduce energy and revenue costs arising from the issues identified in the condition survey.

4. Impact on other Executive Committees (including Area Committees)

- 4.1 This report impacts primarily upon Beverley and Newland Ward, however, the Leisure Centre is widely used by residents across the city.

5. Background

- 5.1 Ennerdale Leisure Centre is one of the key leisure assets in the City providing recreational wet and dry facilities to the general public. The facility is over 30 years old and despite ongoing maintenance programmes much of the plant and mechanical systems have reached the end of their lifespan and need replacing. In addition parts of the building are in poor condition and need refurbishment/modernisation.
- 5.2 Ennerdale Leisure Centre is operated by the Councils leisure company – Hull Culture and Leisure Ltd (HCAL). Prior to the building being leased to HCAL in 2015 a condition survey was undertaken which identified works that would need to be undertaken in due course.
- 5.3 The proposed scheme of up to £1.9m will be funded utilising existing budgets from both the HCAL investment and COPM budgets to ensure the project is delivered without the requirement for additional investment.

6. Issues for Consideration

- 6.1 The need for investment and the scope of works has been derived from reports commissioned into the condition of the building with recommendations for works to address areas of concern. A pre-tender cost estimate suggests that the works may come to a total of c.£1.9m.

The scope of works includes:

- Heating system and domestic hot water upgrade
- Cold water system upgrade
- Improvements to the filtration system
- Electrical system upgrade
- General lighting replacement inc. concourse lighting
- Ventilation system upgrade
- Roof Overhaul
- Improvements to sauna area and disabled changing facilities
- Internal refurbishment of reception area

The Council's professional construction advisors NPS Humber have prepared a tender package for the works and propose to invite tenders from the Yorbuild2 framework.

6.2 The age and condition of certain parts of Ennerdale Leisure Centre is creating a risk of plant failure, disruption to service provision and inefficiencies through the use of old systems. This is likely to have an increasing impact on visitor numbers and use of the facility making the Leisure Centre less economically viable.

6.3 A number of the other buildings used by HCAL have been the subject of refurbishment in the period of City of Culture 2017, including the Ferens Art Gallery, the New Theatre and Woodford Leisure Centre. Other projects are the subject of wider grant supported initiatives, including the city's parks and Maritime Museum. Among the remaining priorities Ennerdale Leisure Centre is considered the highest current priority for investment to ensure that the centre continues to provide quality leisure services to the public which enable it to maintain customer use.

6.4 The proposal is to submit the contract to tender through the YORbuild2 Framework Contract. The proposed evaluation criteria for the evaluation of tenders are 70% Price, 30% Quality

The reason for this is that the YORbuild2 contract only includes suppliers that meet the requisite quality thresholds and provides a framework for the delivery of Social Value through the supply chain. 30% quality enables sufficient quality assessment to address considerations including the evaluation of Social Value.

6.5 Ennerdale will require a maximum of a 6 month closure period due to the extent of the works. An alternate condensed delivery programme had been market tested to meet the expectation of HCAL requirements but was not achievable. The closure period will impact upon HCAL ability to meet existing income targets during the period of closure and the proposal to adjust HCAL budget targets to ensure that there is no negative impact on the company business plan.

- 6.6 The previous scheme of works that had been tendered during the 2018 period (in accordance with the appropriate approvals) was non-compliant as the condensed delivery programme and the budget approval / pre tender estimate of NPS Humber was significantly exceeded and could not be achieved.
- 6.7 Tender feedback identified that a condensed programme and risk to delivery had :
- An adverse effect on the returned construction value inflating the costs from the £1.15m approved scheme to £1.9m
 - Directly affected the total number of tender returns to a total of 2 returns.
 - Could not be delivered in the condensed timescales.
- 6.8 Considering the above factors value for money could not be demonstrated and a contract could not be awarded as the budget approval was exceeded.

7. Options and Risk Assessment

- 7.1 Option 1: Do nothing
Should approval not be granted it is anticipated that the following risks will be required to be mitigated:

- Failure of components and services with no available replacement parts due to age of systems
- Ongoing and increasing unplanned closures
- Exacerbated health and safety risks such as legionella as safe operating temperatures of wet systems fail to meet target temperatures
- Poor water quality for swimming as filtration begins to fail
- Low air temperatures during winter periods as heating systems cannot react to demand.
- Poor quality air circulation as mechanical ventilation filters and ducting continues to corrode due to the pool environment.

- 7.2 Option 2 – To undertake the proposed works

This would address the identified concerns, reduce the costs of operation of the building and help HCAL promote the service to increase usage.

This option is recommended.

7.3 Option 3

To invest the capital funds in other Leisure assets within the city.

This would create a real risk of reduced customer use and declining income and increasing cost to maintain the building, leading ultimately to failure of service provision and closure if no other funds could be found.

This option is not recommended.

8. Risk Assessment

8.1 The mitigation against the above includes the following:

- Utilising the remaining stock piled components salvaged from Woodford and East Hull Baths (it should be considered that the stock pile is limited and also circa 30 years old and therefore is significantly limited).
- Increase chemical dosing and testing for health and safety reasons.
- Reduced operating hours during winter periods.
- Operate to fail and eventual closure of the facility.

9. Consultation

9.1 The scope of works identified for Ennerdale Leisure Centre was identified in the Leisure Company Business case sent to Executive Commissioning Committee on the 22 Jan 2015. The investment in the building is a contractual agreement between the Council and HCAL.

NPS Humber has compiled a detailed condition survey on Ennerdale based on health and safety risk which informed the HCAL business case and the scope of works.

Regular Property Investment meetings are held between HCC Property and Assets, Major Projects and HCAL where the scope of works has been detailed and approved.

10. Comments of the Town Clerk (Monitoring Officer)

10.1 S. 19 Local Government (Miscellaneous Provisions) Act 1976 permits the Council to provide leisure facilities in its area. Whilst the building is open and in use, there is a statutory obligation to maintain Ennerdale Leisure Centre in a safe condition. Both Contract Procedure Rules and the Council's procurement strategy advocate the use of suitable public sector framework contracts as a means of achieving best value and deploying resources effectively. Tendering through Yorbuild2 is therefore supported. The framework secures and monitors social value outputs

11. Comments of the Section 151 Officer

11.1 The S151 officer supports the recommendation to initiate a tender on a package of works to Ennerdale Leisure Centre, on the basis that the proposed procurement approach is in line with the requirements of the councils Contract Procedure Rules. The proposed tender evaluation basis 70% Price 30% Quality is noted. The contract is within the agreed capital programme.

12. Comments of HR City Manager and compliance with the Equality Duty

12.1 There are no staffing or equality duty implications arising from this decision.

13. Comments of Overview and Scrutiny

13.1 This report is due to be considered by the Finance and Value for Money Overview and Scrutiny Commission at its meeting of Friday, 22 February, 2019. Any comments or recommendations agreed by the Commission will be forwarded to the Deputy Leader for consideration alongside the report. (Ref. Sc5329)

14. Comments of the Portfolio Holder

14.1 ***CLICK HERE TO OVERWRITE THIS GUIDANCE ***

(Delete this section if this is not an Executive Decision)

Paul Chadwick

Contact Officer: Paul Chadwick Telephone No.: 01482

Officer Interests: None

Background Documents: - A list of background documents must be included. These documents are then available (if not exempt) for public inspection.

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant City Manager	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are	Yes

included within the report	
I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes