

Appointment of the Contractor for the Multi Use Sport Arena

SUMMARY

- 1.1 On 17 April 2012, Cabinet were informed that the EU compliant competitive tendering exercise was used to procure the contractor to build the multi use sport arena. This started with an OJEU advert for expressions of interest the replies to which were used to draw up a short list of the following five contractors: These were:
- BAM (Solihull)
 - Bowmer & Kirkland (Derby)
 - Galliford Try (Wolvey, Leics)
 - Interserve (Birmingham)
 - Morgan Sindall (Solihull)
- 1.2 All five shortlisted companies submitted competitive tenders have been evaluated against the quality and price criteria. A summary of the results of this evaluation will be provided in a confidential Appendix 2 to Cabinet on 11 July.
- 1.3 It is proposed to delegate authority to award the contract to the Strategic Director of Neighbourhoods in consultation with the Strategic Director of Resources and the Cabinet Member for Leisure and Culture once the details of the contract have been finalised.

RECOMMENDATION

- 2.1 To approve the appointment of the building contractor identified at the Cabinet meeting on 11 July by the Strategic Director of Neighbourhoods as the preferred contractor for the multi use sport arena, based on a report that is due to be provided by the Project Management Consultant summarising the tender analysis.
- 2.2 To give delegated authority to the Strategic Director of Neighbourhoods following consultation with the Strategic Director of Resources and the Cabinet Member for Leisure and Culture to finalise the contract details and award the contract to the preferred bidder, subject to final approval of the foundation designs by the Environment Agency, and the approved solution being within the budget set for the Arena

2.3 To approve £5.2 million unsupported borrowing for the Multi Use Sport Arena.

REASONS FOR RECOMMENDATION

3.1 To progress the construction of the multi use sport arena and to reduce the Council's cost exposure by ensuring all risks are covered in the final contract with builder, for the foundation design.

SUPPORTING INFORMATION

- 4.1 On 21 February 2012, Cabinet approved capital scheme commencement of the multi use sports arena scheme at a total estimated cost of £28 million, with £21.9 million estimated for the actual building.
- 4.2 On 17 April 2012, Cabinet approved delegated authority to the Strategic Director of Neighbourhoods in consultation with the Strategic Director of Resources, the Leader of the Council and the Cabinet Member for Leisure and Culture to appoint the preferred contractor for the multi use sport arena, within a cost envelope of +/- 10% of the pre tender estimate and then to finalise the contract detail and award the contract to the preferred contractor. However, the new Leader has since requested that the decision to appoint a preferred contractor be brought back to Cabinet.
- 4.3. The key facilities currently included in the multi use sport arena are a 250m indoor cycling track, a 120 station health and fitness facility, a spinning room, multi function rooms, 12 badminton size sports hall, café and reception area. The unique design will also create a 5,000 capacity concert venue and will accommodate events and exhibitions.
- 4.4 The planning application for the multi use sports arena was approved at the Planning Committee meeting on 15 March 2012. The planning consent conditions have been shared with the bidders and have been considered as part of their tender submission.
- 4.5 Bidders have also requested clarification on the possible need to remove from site a potentially large volume of contaminated soil to form the car park in 'Gas Alley'. Negotiations with the Environment Agency have resulted in a recent agreement in principle to remove their objection to raising the finished car park ground level which will assist in enabling the contractor to submit a more cost effective solution in their final tender price.
- 4.6 The decision to proceed with the building of the arena will only be taken following the approval by the Environment Agency of the design and methodology for creating the building foundations as defined by the preferred bidder. This final decision will be delegated to the Strategic Director of Resources and the Cabinet Member for Leisure and Culture, subject to the approved solution being within the overall budget set for the arena project.
- 4.7 The initial contract to appoint the preferred bidder will therefore have a break clause to ensure that the Council is not committed to the full build in the event that the contractor can not agree a financially acceptable foundation design with the Environment Agency.

- 4.8 Funding for the strategy is from the £48.8 million already approved by Cabinet, plus £4 million external contributions, plus £5.2 million further unsupported borrowing.
- 4.9 Cabinet should note that an e-petition, containing 722 signatures, and a paper petition, containing 61 signatures, has been received requesting that the Council “proceed with the construction of the Derby Multi Sports Arena incorporating a velodrome and a concert venue”
- 4.10 The four broad operational options for the governance and operational management of the facility were contained in the Cabinet report of 21 February, which are currently being explored.

OTHER OPTIONS CONSIDERED

- 5.1 No other options considered since the Cabinet held on 17 April 2012.

This report has been approved by the following officers:

Legal officer	Stuart Leslie
Financial officer	Andrew Jones
Human Resources officer	N/A
Service Director(s)	Claire Davenport
Other(s)	Derek Jinks

For more information contact:
Background papers:
List of appendices:

Claire Davenport 01332 256094 Claire.davenport@derby.gov.uk
None
Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 On 17 April 2012, cabinet approved delegated authority to the Strategic Director of Neighbourhoods in consultation with the Strategic Director of Resources, the Leader of the Council and the Cabinet Member for Leisure and Culture to appoint the preferred contractor for the multi use sport arena, within a cost envelope of +/- 10% of the pre tender estimate and then to finalise the contract detail and award the contract to the preferred contractor. However, the new Leader has requested that the decision to appoint a preferred contractor be brought back to Cabinet. The tender price will be provided in the confidential Appendix 2 to Cabinet on 11 July.
- 1.2 Funding for the strategy is from the £48.8 million already approved by Cabinet, plus £4 million external contributions, plus £5.2 million further unsupported borrowing.
- 1.3 The procurement route chosen has enabled the Council to achieve value for money.

Legal

- 2.1 The use of the OJEU procedure for the selection of the building contractor for the multi use sports arena is compliant with E.U. Procurement Directives.

Personnel

- 3.1 None

Equalities Impact

- 4.1 There are no equalities implications arising from this report.

Health and Safety

- 5.1 There are no Health & Safety implications arising from this report.

Environmental Sustainability

- 6.1 The facility will be built with the aim, as far as possible, to minimise the carbon footprint.

Asset Management

- 7.1 The building of this iconic facility will add to the Council assets replacing some older facilities not fit for purpose.

Risk Management

- 8.1 A risk log has been developed for this project which will be updated as events and decisions are made.

Corporate objectives and priorities for change

- 9.1
- Creating a thriving sustainable economy
 - Contributing to good health and well being
 - Providing an active cultural life
 - Developing good quality services that meet local needs
 - Leading Derby towards a better environment
 - Providing excellent services and value for money
 - Significantly contributing to the Derby and Council plan objectives