

To: Members of the Special Sub-Group

Councillors Hayfield, Phillips, Smith, M Stanley and Sweet

For the information of the other Members of the Council

SPECIAL SUB-GROUP

17 FEBRUARY 2014

The Special Sub-Group will meet in the Small Hall, Atherstone Memorial Hall, Long Street, Atherstone, Warwickshire on Monday 17 February at **5.00pm**.

AGENDA

PART I - PUBLIC BUSINESS

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests**
- 4 Public Participation**

Up to twenty minutes will be set aside for members of the public to ask questions or to put their views to elected Members. Participants are restricted to five minutes each. If you wish to speak at the meeting please contact David Harris on 01827 719222 or email democraticservices@northwarks.gov.uk.

PART A – ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)

- 5 **Accommodation Project** – Report of the Assistant Director (Streetscape) **to follow**

Summary

To receive a progress report on the Accommodation Project.

The Contact Officer for this report is Richard Dobbs (719440).

- 6 **Development of New Indoor Leisure Facilities in Coleshill** – Report of the Assistant Director (Leisure and Community Development)

Summary

This report updates the Sub-Group on progress in respect of the development of new indoor leisure facilities in Coleshill. It principally focusses on the construction work and the costs associated with the project.

The Contact Officer for this report is Simon Powell (719352).

- 7 **Joint Committee/Local Enterprise Partnership** – Report of the Chief Executive **(to follow)**

Summary

To receive a progress report.

The Contact Officer for this report is Jerry Hutchinson (719200)

PART C – EXEMPT INFORMATION (GOLD PAPERS)

- 8 **Exclusion of the Public and Press**

Recommendation:

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.

- 9 **Staffing Matter** – Report of the Assistant Director (Leisure and Community Development)

The Contact Officer for this report is Simon Powell (719352)

JERRY HUTCHINSON
Chief Executive

For general enquiries please contact David Harris, Democratic Services Manager, on 01827 719222 or via e-mail – davidharris@northwarks.gov.uk. For enquiries about specific reports please contact the officer named in the report.

Agenda Item No 6

Special Sub-Group

17 February 2014

**Report of the
Assistant Director
(Leisure and Community Development)**

**Development of New
Indoor Leisure Facilities
in Coleshill**

1 Summary

- 1.1 This report updates the Sub-Group on progress in respect of the development of new indoor leisure facilities in Coleshill. It principally focusses on the construction work and the costs associated with the project.

Recommendation to the Sub-Group

That the Sub-Group notes and comments upon the progress being made in respect of the development of new indoor leisure facilities at The Coleshill School.

2 Consultation

- 2.1 The Chairman, Vice-Chairman and Opposition Spokesperson for the Special Sub-Group, the Community and Environment and Resources Boards, the Safer Communities Sub-Committee, Members with responsibility for Health, Well-being and Leisure and Young People and Coleshill Ward Members have all had an opportunity to comment on the content of this report. Any comments received will be reported verbally to the Sub-Group.

3 Background

- 3.1 Further to its meeting held on 20 January 2014, the Sub-Group is aware that the construction of replacement indoor leisure facilities commenced on site at The Coleshill School on 07 November 2013, three days later than initially scheduled. Members are further aware that the capital funding available for the project is £4,301,366, made up as follows:

| | |
|-------------------------------|------------|
| Borough Council | £2,815,000 |
| Education Funding Agency | £1,461,366 |
| England Squash and Racketball | £25,000 |
| Total | £4,301,366 |

- 3.2 Account needs to be taken of the need to fund £152,000 of fees attributable to the project, thereby leaving a sum of £4,149,366 available to support project delivery (including all contingencies and provision for fitness equipment and furniture and fittings, etc.).

- 3.3 At its meeting held on 16 December 2013, the Sub-Group resolved to contract with the appointed contractor, Wates Construction Ltd., through Option C (Target Cost) of the EMPA Intermediate Projects Framework Agreement in the sum of £4.164 million (£15,000 over budget).
- 3.4 Within this Option, the Borough Council will pay the Actual Cost of works properly executed. In so doing, it could benefit (“gain”) if the final Actual Cost was less than the agreed Target Cost. The client and contractor would share equally the first 5% of any gain. The Borough Council’s share would increase to 85% of the next 5% of any underspend and to 100% of any saving greater than 10%. Conversely, however, if the Actual Cost exceeded the Target Cost by 5% or less then the Borough Council would be responsible for 100% of the cost difference (or “pain”). The contractor would be responsible for 100% of any costs above this 5% threshold. Option C is an entirely “open book” process within which the contractor submits Actual Cost invoices in monthly valuations. It includes provision for liquidated damages and a performance guarantee bond.

4 Update on Progress – Construction Work

- 4.1 The delayed commencement of on-site construction work was further exacerbated by the identification and subsequent recovery of additional asbestos within and below The School’s PE Block. This essential work resulted in a further loss of three days against the agreed construction programme. In order to reduce the impact of the delay, the contractor returned to work two days early after the Christmas break. Demolition work, vibro piling and foundation work are all ahead of programme, as a consequence of which the construction timetable is back on schedule. The overall completion date remains as the end of October 2014.
- 4.2 Wates Construction has commenced foul and storm water drainage works and will be moving towards the undertaking of on-site steelwork in the very near future.
- 4.3 As previously reported to the Sub-Group, the Borough Council retains responsibility for the additional costs of all client risks identified within the Risk Register and also for any client changes to the agreed project design.
- 4.4 Risk Register and client changes are inevitable on a project of the scale proposed in respect of the development of a new Coleshill Leisure Centre. It is not possible to be precise about which of these potential risks will manifest themselves. A number of the client risks on the Risk Register, however, are potentially expensive if they occur.
- 4.5 Members are aware that the significant risk associated with a Severn Trent Water requirement to resolve a potential foul water drainage problem has been removed at no cost to the project. It is highly likely that foul water will continue to “back up” on the St. Edwards School site. Wates Construction, therefore, has agreed to look at a potential solution to the problem, for which a cost estimate will be provided later in the programme. Officers from the Borough Council and The Coleshill School will share this information with representatives from St. Edwards School and the County Council, but project partners are clear that there is no funding to resolve this pre-existing, off-site

issue. With ground works almost complete, the potential risk of discovering abnormal ground conditions is becoming less likely. As identified, however, the risk associated with the need to remove additional asbestos from the site did materialise at an additional cost of just over £44,500. A possible Building Control requirement to introduce a larger than planned concrete manhole cover into the drainage outfall may also cost an additional £5,000.

- 4.6 Over the life of the project, further risks will manifest themselves, whilst others will be removed at no cost to either the client or the contractor, dependent upon the “owner” of the risk. Contingency provision has been made for the Authority to cover the need to fund Risk Register works. This provision, however, is relatively small. More significant contingency provision (£120,000) exists for the contractor. This represents a potential area of underspend from which the Borough Council could benefit, particularly in view of the fact that the perceived high risk items are “owned” by the Authority.
- 4.7 Any further client design changes will also incur additional cost. Whilst every effort is being made to avoid this need, two such requirements have already been identified; the need for fibre links to support on-site IT provision and the need for mirrors within the fitness suite.
- 4.8 The Authority has made clear its requirement for the Leisure Centre’s internal colour scheme to be “dementia friendly”.

5 Update on Progress – Financial Position

- 5.1 Attached at Appendix A is a Funding Position Statement produced by the Project Manager on 14 January 2014, after Wates Construction’s submission of its third project invoice. The statement takes account of the contractor’s “Forecast Final Target Cost” and its “Forecast Final Actual Cost”, as stated in their Payment Application 3 (to the end of December 2013). It should be noted that the identified Compensation Event (asbestos risk) figure was an estimate of £40,195 and that the final cost of this work was just over £44,500. The “in-hand” funding position of £8,615, therefore, will be affected accordingly. Whilst this sum is undoubtedly small, the contractor continues to hold design / package cost risks, for which it is still holding its full contingency reserve of £120,000. It will not be possible to establish a clear picture of Target Cost versus Actual Cost until later on in the contract, when the financial implications associated with the major works packages (e.g. steelwork) are known.
- 5.2 Wates Construction is required to provide its Target Cost and Actual Cost forecasts on a monthly basis. The Project Manager, who is very carefully scrutinising all costs on behalf of the Borough Council, will produce a monthly Funding Position Statement a week thereafter. For the remainder of the contract, these forecasts and statements will be subject to monthly meetings between the Authority, the Project Manager and Wates Construction.
- 5.3 At the time of writing this report, just over £423,000 had been paid to the contractor. An invoice of just over £172,000 has been issued to The Coleshill School in order to draw down the appropriate proportion of Education Funding Agency grant for the project.

6 Update on Progress – Other Matters

6.1 Subsequent to the successful negotiation of both the required Underlease and the Licence to Underlet and Carry Out Alterations, the focus of legal work is now being directed towards finalising the Joint Use Agreement between the Borough Council and The School, through which the facility will be managed and used.

6.2 Wates Construction's programme for engaging local schools and the community within the construction process is on-going. Recent activity drawn from the programme, a copy of which was circulated at the last meeting of the Sub-Group, included a series of mock interviews held with The Coleshill School students on 20 January and a progress review assembly held on 24 January.

7 Report Implications

7.1 Finance and Value for Money Implications

7.1.1 In addition to those previously reported to the Board, the headline financial implications associated with the construction of the new Coleshill Leisure Centre are detailed in section 5 above.

7.2 Safer Communities Implications

7.2.1 The provision of good quality leisure facilities and services has profound and positive implications for the development of safer communities and a reduction in the likelihood of criminal and / or anti-social behaviour.

7.3 Legal and Human Rights Implications

7.3.1 The future replacement of Coleshill Leisure Centre will have direct and positive implications for the Authority's ability to meet the requirements of Equalities and other legislation and on its determination to equitably enhance access to good quality services for the local community.

7.4 Environment and Sustainability Implications

7.4.1 The proposed investment of resources is required if the Council is to maintain and enhance the quality, consistency and sustainability of its indoor leisure provision in Coleshill. The services provided through the new leisure facility will make a positive and lasting impact on individual and collective quality of life within North Warwickshire.

7.5 Health, Well-being and Leisure Implications

7.5.1 Leisure facilities have a positive impact on the health and well-being of individuals and communities through the provision of opportunities for formal and informal recreation and by contributing to an enhanced quality of life in the Borough. The project is also compliant with, and helps to deliver against,

the priorities identified in the Warwickshire Health and Well-being Strategy and the supporting Joint Strategic Needs Assessment.

7.6 Human Resources Implications

7.6.1 There is no immediate human resource implication arising directly from this report.

7.7 Risk Management Implications

7.7.1 The condition and future replacement of Coleshill Leisure Centre have been the subject of a detailed risk assessment, a copy of which was presented to the Community and Environment Board in July 2012.

7.8 Equalities Implications

7.8.1 The scheme to replace Coleshill Leisure Centre has been designed to positively impact on the corporate priority to protect and provide easier access to Council services. An Equality and Impact Needs Assessment (EINA) has been carried out and was presented to the Community and Environment Board at its meeting held in July 2012.

7.9 Links to Council's Priorities

7.9.1 The undertaking to replace Coleshill Leisure Centre has positive and direct links to the following corporate priorities:

- Public service
- Crime and disorder
- Access to services
- Consultation and communication
- Health and well-being

7.9.2 The future replacement of Coleshill Leisure Centre with a new development at The Coleshill School has positive implications for the Sustainable Community Strategy priorities to:

- Raise aspirations, educational attainment and skills
- Develop healthier communities
- Improve access to services

The Contact Officer for this report is Simon Powell (719352).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

| Background Paper No | Author | Nature of Background | Date |
|----------------------------|---------------|-----------------------------|-------------|
|----------------------------|---------------|-----------------------------|-------------|

| | | Paper | |
|---|-----------------------|--|--------------|
| 1 | Wates Construction | Client Meeting Report 2 | January 2014 |
| 2 | Coventry City Council | Clerk of Works Report 2 | January 2014 |
| 3 | Coventry City Council | Client Meeting Notes (16 January 2014) | January 2014 |

NORTH WARWICKSHIRE BOROUGH COUNCIL
NEW LEISURE CENTRE AT THE COLESHILL SCHOOL

14 January 2014

OVERALL FUNDING POSITION

| | | | |
|------------------------------------|---------------------|---|--------------|
| <u>Available Funding</u> | £ | £ | £ |
| NWBC Capital Receipts | 1,850,000.00 | | |
| NWBC Approved Prudential Borrowing | 965,000.00 | | |
| Sport England | nil | | |
| England Squash & Racketball | 25,000.00 | | |
| EFA | <u>1,461,366.00</u> | | 4,301,366.00 |

LESS

| | | | |
|--------------------------------------|--------------------------|-------------------|------------|
| NWBC- other costs | £ | | |
| Planning Fees (unchanged) | 11,550.00 | | |
| Planning discharge fees / amendments | 2,000.00 | est | |
| Building Regulation Fees (unchanged) | 1,810.00 | | |
| CDM-C Fee (as Osbornes quote) | 5,250.00 | | |
| Clerk of Works Fee @ 1% of £3.5m | 35,000.00 | | |
| PM Fees @ 2% of £3.5m | <u>70,000.00</u> | 125,610.00 | |
| The Coleshill School - other costs | £ | | |
| Legal fees | 23,000.00 | | |
| Auditor fee | <u>funded separately</u> | 23,000.00 | |
| Reserve for client FF&E | | | |
| Fitness Equipment | 160,000.00 | | |
| Loose FF&E | <u>40,000.00</u> | <u>200,000.00</u> | 348,610.00 |

FUNDING BALANCE

3,952,756.00

Cost of Sports Centre

| | | | |
|---|---------------------|-----|---------------------|
| Wates Target Cost Option C | 3,904,157.27 | | |
| Design Fees & Surveys | included | | |
| Compensation Events (risks/variations) | 40,195.00 | est | |
| Wates Final Total Target Cost Forecast (TC) | <u>3,944,352.27</u> | | |
| Wates Final Total Actual Cost Forecast (AC) | <u>3,943,930.61</u> | | |
| Difference to Share (TC) - (AC) | 421.66 | | |
| Contractors Share @ 50% (95% to 100% of TC) | 210.83 | | |
| FINAL COST FORECAST (AC) + (Cntrs Share) | 3,944,141.44 | | 3,944,141.44 |

FUNDING POSITION - inhand

8,614.56

Exclusions

- 1) VAT
- 2) Client Changes under consideration (not yet instructed)
- 2) Other as listed within Wates TC Submission and Risk Register

Agenda Item No 8

Special Sub-Group

17 February 2014

**Report of the
Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.

Agenda Item No 9

Staffing Matter - Report of the Assistant Director (Leisure and Community Development)

Paragraph 4 – by reason of the need to consider the staffing matters raised

The Contact Officer for this report is David Harris (719222).