



Oadby and Wigston Borough Council

TO COUNCILLOR:

G S Atwal
T Barr
L A Bentley
G A Boulter
J W Boyce

L Darr
B Dave
Mrs L Eaton
B Fahey
D A Gamble (Vice-Chairman)

J Kaufman
K J Loydall
Mrs S B Morris (Chair)
R E R Morris

Dear Sir/Madam,

I hereby summon you to attend a meeting of the **POLICY, FINANCE AND DEVELOPMENT COMMITTEE** to be held in the Council Offices, Station Road, Wigston on **TUESDAY, 21 JULY 2015** at **7.00 pm** for the transaction of the business set out in the Agenda below.

Yours faithfully

Council Offices
Wigston

Chief Executive

AGENDA

Page No's

22. Leisure Contract Update - Report to Follow

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Policy Finance & Development	21 July 2015	Matter for Information
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Title: LEISURE MANAGEMENT CONTRACT UPDATE

Author: Anne Court, Director of Services and Monitoring Officer

1. Introduction

This report updates members on the progress with the new Leisure Contract following the award of the 20 year contract to SLM Ltd earlier this year. The design, build and operate contract will deliver two new “state of the art” 25 metre 6 lane swimming pools within the Borough, with the re-location of the Oadby pool to Parklands Leisure Centre (Parklands) and a new build on the existing Wigston site. The works are now progressing well, with the refurbishment to the existing facilities including the gym and Cedar Suite at Parklands and the addition of a gym facility at the Wigston site.

Members are kept updated of the delivery of the contract through the Service Delivery Committee. This report is before the Policy, Finance and Development Committee as it advises members primarily of unforeseen matters that have arisen as the building works have progressed which may amount to a Compensation Event under the contract.

2. Recommendations

2.1. That members note the potential Compensation Events and that every effort will be made to meet these costs within the existing contract sum.

3. Information

3.1 The report to Council of 9 December 2014 gave an update of the Leisure Management Contract included the position on unforeseen additional works as the tender price was subject to detailed surveys being undertaken. The main additional works proposed at both sites were in relation to upgrading and/or diverting of utilities and topographical surveys revealed poor ground conditions resulting in the need for piled foundations. The Council commissioned independent consultants to rigorously review the extent and rates of the additional works. The conclusions reached were that the proposed additional work could be considered to be variations and following robust negotiations the Council’s contribution to the additional work was to be limited to £571,000 out of a total cost of just under £722,000. It was reported that the costs of these additional works can be met through the already approved maximum capital budget allocation of £10 million.

3.2 As reported to Council on 9 December, the only remaining potential costs that remained unknown were those that would in accordance with standard

practice amount to being Compensation Events under the Contract. The definition of a Compensation Event includes the discovery of Unknown Defects and/or Unknown Asbestos. An example of this is the potential for off-site disposal of any contaminated soil found in the excavations. As the build programmes at both sites have progressed the following issues have recently become known which may amount to Compensation Events, however negotiations will take place as to how the costs can be incorporated into the existing contract sum, such as met through any remaining contingency.

3.3 Wigston

Spoil Heap

As part of the planned cut and fill exercise a net balance of spoil there was always going to be a requirement to dispose of an amount of waste (approx 650 cubic metres) to be taken off site. Whilst the original ground inspection is carried out prior to contract, it is not until the dig is commenced post contract, that a Waste Acceptance Criteria (WAC) test is completed. It is the results of this WAC test which is sent to the landfill sites where they inspect and quote for the disposal of the waste – dependent on what the test says is dependent on how it is disposed and the cost incurred. The mandatory tests found

- very low level asbestos (0.1%)
- Regardless of the very low level, this is classed as **hazardous/special** waste and can only be disposed of at a hazardous/special waste facility.
- 34 loads of non-contaminated spoil has been removed and disposed of normally.
- The remaining contaminated loads (36 loads) have been taken away and disposed of at a specialist facility.
- Circa £18k extra costs though waiting for invoices (measured per tonne).

Offsite drainage issue

- Issues have arisen in relation to private surface water drainage believed to be owned by the College (which may extend further into Network Rail land).
- Network Rail have jetted from there end but this has not solved the primary issue on the College land.
- Severn Trent have attended site but are not willing to get involved as they do not own the land.
- The civil engineers have investigated a variety of alternative drainage solutions concluding the most viable is either jetting, route cutting or ultimately excavation.
- Studies further downstream and attempts at further jetting were scheduled for the week of 13 July, an update on the success of this will be verbally reported to this committee on 21 July.
- If this is not successful excavation and rebuild will have to be considered. At present costs are not available.

3.4 Parklands

Drainage

- As works to the new pool got underway it was discovered that the 'courtyard drainage' route goes under where the new pool is positioned. This could not have been detected before due to
 - No internal drawings available from the Council.
 - Survey scope only covers external areas.
 - Pipes when leaving building were too deep to be identified.
 - Pipes were encased in concrete so even if they had been found they would not know what they were unless they were dug up.
 - Design solution had to go under other existing foul drains.
 - Design solution had to be hand dug due to limitations on space and other adjacent services.
 - A expedient solution was needed as other diversions and foundation works could not take place without resolving this
 - The cost with associated works is approximately £33,000

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Background Papers:- reports to Policy Finance and Development Committee of 22 July 2014 and 9 December 2014

Implications	
Financial (PL)	The extra £51k can be accommodated within the maximum capital budget allocation of £10m. A variation order to the contract will be required for the additional sums.
Risk (AC)	CR2 Key Supplier/Partnership failure; CR5 effective utilisation of assets
Equalities (AC)	The Council's facilities are accessible to all
Legal (AC)	The design, build and operate contract needs to be monitored for adherence to the terms and conditions