

ITEM No ...3.....

REPORT TO: RECESS SUB-COMMITTEE – 6 JULY 2022
REPORT ON: TENDERS RECEIVED BY HEAD OF DESIGN AND PROPERTY – OLYMPIA REFURBISHMENT
REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 151-2022

1 PURPOSE OF REPORT

1.1 This report details tenders received and seeks approval on acceptance thereof.

2 RECOMMENDATION

2.1 It is recommended that Sub-Committee:

- a approve the acceptance of the tenders submitted as set out in the report, with the total amount, including allowances detailed in Appendix 1;
- b approve additional works as part of the contract to remove thin-walled carbon steel pipes within the facility, as set out in the report; and
- c agree that the additional cost of the works be met by using £767k included in the Capital Plan for Contingent COVID-19 Capital Expenditure and £896k from the Renewal and Repair Fund.

3 SUMMARY OF PROJECTS TENDERED

3.1 Tenders have been received by the Design and Property Division in relation to the projects detailed below.

Architects Projects - Reference and Description	Contractor
Olympia Leisure Centre – Refurbishment and Upgrade Works	Robertson Construction Tayside Ltd

4 FINANCIAL IMPLICATIONS

4.1 The 2022-27 Capital Plan, agreed by the Council in January 2022, included £4.5m for works at Olympia. However, priced tenders, reflecting the current market in the context of Brexit, post pandemic demand and the war in Ukraine, mean that the works will cost £1,614k more than has been provided in the Capital Plan.

4.2 Given the essential nature of these works it is proposed that the additional cost be funded from the balance of £767k held against contingent COVID-19 capital expenditure line in the Capital Plan and £896k from the Renewal and Repair Fund. This would leave a balance of £1,643k in the Renewal and Repair Fund.

5 CONSTRUCTION TENDER LEVELS AND TIMESCALES

5.1 The works being undertaken as part of this project can be categorised into several areas of rectification works as outlined in report 150-2022 (also on the agenda for Recess Sub-Committee on 6 July) containing the Olympia design and construction review. The planned refurbishment also includes items that can be executed during this closure, where

components and plant are near to the end of their useful life and overhauling systems will minimise future downtime for maintenance.

5.2 In addition, officers recommend that thin-walled carbon steel pipes within the facility should be removed as a precautionary measure. Although no issues of corrosion have been identified to date in this facility, it is beneficial to use this opportunity to remove the pipes as part of this contract to avoid disruption in the future in the event of failure of the pipework as has occurred in Dundee House.

5.3 The table below provides a breakdown for the areas of expenditure based on the total project.

Area of Works	Project Cost %
Air handling, environmental improvements and corrosion	58
Water Egress remedial works	25
Operational refurbishment and maintenance	1
Cyclical component replacement	8
Thin-Walled Carbon steel pipework replacement	5
Improved customer facing facilities	3

5.4 The Head of Design and Property and the Council's technical staff have been working with the main contractor to develop final design and technical approaches to ensure that a comprehensive programme of works can be carried out as part of this contract. It has taken longer than anticipated to conclude the final tender specification and value. There are several factors that have contributed to the overall duration of time taken in developing the project design and tender as well as factors influencing the level of construction cost being recommended for approval.

5.5 By its nature, refurbishment and upgrading works are more difficult and intricate to design, with enhanced dialogue required by all parties to develop and interpret information, address pricing clarifications and subsequently provide a reliable cost for work packages.

5.6 In the case of Olympia the requirement for numerous surveys to provide information, subsequent testing and diagnosis of the results has proved to be time consuming, not only for council officers, but also each organisation and their staff involved in this process. The time involved in the sequential step by step approach to accurately inform the designers and estimators has been significant.

5.7 Leisure facilities are a specialised area of construction with a limited number of consultants and companies working within this sector across the UK. This has restricted the level of choice and influenced the level of leverage the council has in minimising and managing timescales for design development and obtaining project costs. Linked to this is the overall construction industry position where due to capacity constraints, many sub-contractors and suppliers have secured their work programme for the financial year ahead, and can in some instances be reluctant to price further opportunities.

5.8 Staff and labour resource are critical throughout the construction process but have proved to be particularly challenging over the last six months with no sign on any immediate easing, leading to single points of delay in progressing through the pre-contract phase.

5.9 Due to worldwide events, securing raw materials, components and labour is causing significant uncertainty for the supply chain when pricing tenders. As a consequence, combining work packages into a consolidated tender necessitates increased timescales to present this tender to committee.

6 PROCUREMENT AND DELIVERY

- 6.1 Utilising the Places for People Procurement Hub framework, Robertson Construction Tayside have been working in conjunction with City Development designers to review the current facility and issues within the building and prepare a tender for the works. Through the current closure period, internal design staff have collaborated with all building disciplines across all elements of the facility. Utilising expertise from all sectors of the industry has ensured a systematic approach has been taken to reviewing the performance of the building to date, providing solutions to the legacy issues encountered.
- 6.2 This framework was competitively tendered when established enabling a direct award to a main contractor, to fix core staff, site set-up costs and the overhead and profit elements of every project. Each construction project delivered through the framework is fully market-tested.
- 6.3 All elements of project costs are sub-contracted work packages that are tendered at the point of delivery, opening the market to local suppliers. The process is open book, to develop a managed supply chain and allow fully transparency for the Council. This process ensures that competitive tensions are maintained, through effective price benchmarking and cost targeting to discharge the council's statutory duty to achieve best value.

7 BACKGROUND PAPERS

- 7.1 None.

8 POLICY IMPLICATIONS

- 8.1 This Report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

9 CONSULTATIONS

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

Neil Martin
Head of Design and Property

Robin Presswood
Executive Director of City Development

NM/KAS

27 June 2022

Dundee City Council
Dundee House
Dundee

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APPENDIX 1

PROJECT	Olympia Leisure Centre – Refurbishment and Upgrade Works	
PROJECT NUMBER	20-007	
PROJECT INFORMATION	The refurbishment and upgrade works in relation to surface and superficial corrosion, general plant refurbishment and upgrading, and rectification of water ingress within ancillary plant areas.	
ESTIMATED START AND COMPLETION DATES	August 2022 October 2023	
TOTAL COST	Initial Contract	£4,773,173.00
	Thin Walled Carbon Pipework Replacement	<u>£215,000.00</u>
	Contract Sum	£4,988,173.00
	Non Contract allowances	£424,408.65
	Fees	<u>£750,761.43</u>
	Total	<u>£6,163,343.08</u>
FUNDING SOURCE	Health, Care & Well-being - LACD Projects	£4,500,000.00
	Service Provision - COVID-19 Contingency	£767,000.00
	Renewal and Repair Fund	<u>£896,343.08</u>
	Total	<u>£6,163,343.08</u>
BUDGET PROVISION & PHASING	2020/2021	£97,150.98
	2021/2022	£234,318.75
	2022/2023	£4,550,000.00
	2023/2024	<u>£1,281,873.35</u>
	Total	<u>£6,163,343.08</u>
ADDITIONAL FUNDING	None.	
REVENUE IMPLICATIONS	None.	
POLICY IMPLICATIONS	There are no major issues.	
TENDERS	Direct award through Places for People Procurement Hub Framework.	
	Contractor	Tender
	Robertson Construction Tayside Ltd	£4,988,173.00
RECOMMENDATION	To approve and appoint the works to Robertson Construction Tayside Ltd.	
SUB-CONTRACTORS	None.	
BACKGROUND PAPERS	None.	

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