

CABINET

DATE OF MEETING: 3 JULY 2014

TITLE OF REPORT: NEW LEISURE CENTRE – FEASIBILITY STUDY
AND NEXT STEPS

Report of: Chief Executive

Cabinet Member: Councillor Crookes, Leader

I PURPOSE OF REPORT

I.1 To outline the results of the feasibility study into the new leisure centre, and to seek Council approval to move to the Pre-Construction Design Stage.

I.2 In particular, the report outlines:

- a) Revisions to the “Core Scheme” previously approved by Council.
- b) The overall capital cost and anticipated income from the scheme.
- c) The progression of the design to the Pre-Construction Design Stage involving anticipated expenditure of up to £950,000

I.3 It should be stressed that these decisions are only the next step in developing the scheme, and are by no means a final commitment to go ahead with it. Further approvals will be sought from Full Council in due course for:

- a) The detailed design.
- b) The final cost estimates.
- c) The letting of the construction contract.
- d) The appointment of an operator for the new centre.
- e) Planning permission for the new centre

2 OFFICER RECOMMENDATION

2.1 That **Cabinet recommends to Council:**

- a) That Council agree the revised Core Scheme and note the revised estimated total project cost.
- b) That Council agree to progress to the Pre-Construction Design Stage, and authorises fee expenditure of up to £950,000 for this work
- c) That the Corporate Director be authorised to submit an application for planning permission for the scheme in due course, and that in view of the significance of the proposal the final decision on whether or not to grant planning permission for the scheme be taken by Full Council on the recommendation of Planning Committee.

- 2.2 That Cabinet note that a further report setting out proposals for the improvement of Frogmore Leisure Centre will be brought forward for approval in due course.

3 FEASIBILITY STUDY

- 3.1 In November 2013 the Council agreed to proceed with the initial steps towards the design and tendering of a replacement for the Hart Leisure Centre. This approval was given on the basis of a “Core Scheme” and a series of principles for the design and procurement process. This Core Scheme and principles are set out in Appendix A attached.
- 3.2 Work on taking the project forward has been overseen by the Leisure Centre Working Party, comprising representatives from all three political groups on the Council, advised by officers and the council’s leisure consultants. The Working Party’s efforts have been focused on:
- a) The production of a costed feasibility study for the project, covering both the construction cost and the projected operating income and expenditure for the completed centre. The feasibility study is too big to attach to this report, but copies are available on request from officers.
 - b) Possible revisions to the Core Scheme, particularly with regard to the provision of additional swimming facilities.
 - c) The best balance between quality and cost in the design of the scheme.
 - d) The best balance between environmental impact and cost in the design of the scheme, and in particular the extent of accreditation the Council should seek under the Building Research Establishment Environmental Assessment Method (BREEAM).
- 3.3 The Working Party have held a number of meetings and have achieved a general consensus across all of these points. This report puts forward their recommendations on the next steps in taking the project forward.
- 3.4 In essence, the Working Party believe that the Council should proceed on the basis of Option B in the feasibility study, which provides all the facilities in the Core Scheme, with the addition of a third swimming pool, 25 metres long by 4 lanes wide, to provide additional capacity for both swimming club use and swimming lessons. Although this adds to the capital cost of the scheme, it also generates significant additional income, which will more than offset the additional cost whilst also better meeting the needs of the residents of the district.
- 3.5 With regard to design quality, the Working Party recommend that the Council opt for an intermediate quality level (A2 in the feasibility study), higher than basic but not lavish, as the best balance for cost and quality for a public facility.
- 3.6 With regard to the BREEAM rating, the Working Party recommend that the Council should seek a standard equivalent to the BREEAM “Very Good” standard; consideration has been given to seeking the “Excellent” standard, but the costs of achieving this in a leisure centre are out of proportion to the potential benefits.

4 FUNDING THE CENTRE

- 4.1 On the basis of the feasibility study, the capital cost of the centre, incorporating the changes proposed by the Leisure Centre Working Party, amounts to £21.5M. Based on the income and expenditure modelling, this could be funded by using £7M of capital receipts or Section 106/CIL contributions. The remaining £14.5M would then be funded by borrowing, with the debt being paid off from the revenue income on the project over a 25 year period. In addition, a sinking fund would be set aside for replacing major plant and equipment as necessary, together with any major repairs. Based on the current figures, this approach would still leave a surplus of around £100K per year for the Council.
- 4.2 The Council could choose to change the funding mix, for example by paying more of the capital cost from its reserves or from developer contributions, and thereby either repaying the loan sooner or providing an enhanced revenue stream to the Council per year.
- 4.3 It should be stressed that these figures are of course based on estimates and will vary both as detailed design of the scheme progresses and in particular as negotiations with potential operators of the centre progress. Nevertheless, they do represent a significantly more favourable assessment of the financial viability of a new centre than previous estimates, and will leave the Council significant additional flexibility in choosing exactly how to fund it.
- 4.4 On this basis, the Working Party are satisfied that the project is financially viable and should be progressed to the next stage of design.
- 4.5 If any Member wants to have a more detailed discussion around the feasibility study and the financial modelling undertaken so far, officers would be pleased to arrange this with the Council's consultants.

5 NEXT STEPS - DEVELOPING THE DESIGN

- 5.1 As agreed in the November 2013 decision, the scheme has been progressed in accordance with the SCAPE framework. Attached as Appendix B is a diagram illustrating the SCAPE process; at present the Council is at the end of stage B of the framework (Feasibility) and the next step is to progress to stages C/D, the development of a Pre-Construction Design.
- 5.2 This decision does not represent a final commitment to the scheme, but it does represent the point at which some significant levels of professional fees will need to be incurred. Expenditure during this stage is estimated to total up to £950,000, and will cover the fees of architects, landscape architects, structural and civil engineers, mechanical and electrical consultants, site investigations and surveys, etc.
- 5.3 Although this is not a final commitment to the scheme, it therefore represents a significant decision for the Council, and hence this report. If the Council subsequently decided not to proceed with the scheme this expenditure would be abortive. The Working Party are satisfied that the scheme is desirable and viable, and that therefore the Council should take this decision to proceed.

5.4 Cabinet is asked to recommend to Council accordingly.

6 FINANCIAL IMPLICATIONS

6.1 The recommended Option for the new leisure centre will cost £21m

6.2 As outlined in this report, there is a clear mechanism for funding repayment of any prudential borrowing.

6.3 Due to the variety of sources of funding, whilst there are different risks associated with each mechanism, the Council has sufficient options to provide significant confidence in its ability to fund the leisure centre even should issues arise. Financial assumptions have been made on a precautionary basis and it is likely that the Leisure Centre will ultimately form a considerable revenue income stream.

6.4 Progressing to the next stage will require the expenditure of nearly £1 million which could, in the first instance, be taken from reserves with repayment of this from S106 contributions as they occur following the principle set out in paragraph 8.10 above.

7 ACTION

7.1 Following Council's acceptance of these recommendations, work can then start in earnest on the design. It is anticipated this design work would be completed in the autumn with a view to seeking approval to the final construction from Council in spring 2015.

7.2 To enable this, it is anticipated that a planning application would be submitted towards the end of 2014. It is recommended that the decision to seek planning permission is delegated to the Corporate Director.

7.3 Due to the strategic importance of the new leisure centre and the significance of the proposal, it is recommended that Full Council take the decision on the planning application, on the recommendation of Planning Committee.

8 FROGMORE LEISURE CENTRE

8.1 In April 2014 the construction partner (Wilmott Dixon) and its architects visited the Frogmore Leisure Centre as part of a second element of the overarching project.

8.2 The intention was to assess the options for refurbishment. Subsequent to that visit technical information was forwarded to the architect who has now confirmed that a series of alterations to the present building could be undertaken.

8.3 At this stage there are no solid plans but the thrust of the refurbishment would be around the creation of a multi use space in the present yoga lounge, the introduction of a sprung floor in the function room the introduction of natural light into the present windowless fitness gym, a complete refurbishment of the changing areas and the steam and sauna suite plus minor improvements to the car parking arrangements. An indicative budget of £1.25 - £1.5m has been suggested. No firm figures are available as yet.

- 8.4 Work is underway over the June- August period to consult all the sports clubs and general users of Frogmore Leisure centre, to enable a full needs assessment and identify existing as well as latent demand.
- 8.5 It is anticipated that a further report, specific to Frogmore Leisure Centre will be brought forward in September.

Contact: Geoff Bonner, Chief Executive, x 4107, geoff.bonner@hart.gov.uk

APPENDICES:

Appendix A Core Scheme and Principles

Appendix B SCAPE Process

BACKGROUND PAPERS:

Feasibility Study for new Leisure Centre

CORE SCHEME AND PRINCIPLES FOR DEVELOPING THE PROJECT
(Agreed by Council November 2013)

The Core Scheme:

- A gross floor area of around 6000 sq m
- A swimming pool 25m long with 8 lanes plus a learner pool
- A sports hall
- Studio facilities
- A gym
- A cafe
- A large car park
- Senior and junior all weather pitches
- Some natural grass pitches

Principles:

- A. That the Council agree to bear the whole capital cost of construction itself.
- B. That procurement be based on separate contracts for the construction of the centre, and for its future operation and maintenance.
- C. That the Council commence both the design process and the appointment of an operator as soon as possible, but that the design be not finalised until the operator has had an input to it.
- D. That the Council agree to seek a Design & Build form of construction, possibly with some elements of the Develop & Construct approach.
- E. That the Council adopt the SCAPE Framework as its approach for the tendering of the project at a cost of £70k.
- F. That tenders be sought for the operation of the new centre, with an in-house “bid” also being prepared to use as a benchmark for evaluating the tenders received.
- G. That the ongoing maintenance of the centre, once built, be made the responsibility of the operator.

Project Process Map



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