

Report To:	CABINET	Date:	21 JANUARY 2019
Heading:	LEISURE TRANSFORMATION PROGRAMME - REPLACEMENT LEISURE CENTRE FOR KIRKBY IN ASHFIELD		
Portfolio Holder:	DEPUTY LEADER (INWARD FOCUS), COUNCILLOR TOM HOLLIS		
Ward/s:	ALL		
Key Decision:	YES		
Subject to Call-In:	YES		

Purpose of Report

To update Cabinet on the Leisure Transformation Programme and to seek authorisation to proceed with the next steps towards delivering a new flagship leisure destination at the current Festival Hall site, in Kirkby-in-Ashfield.

Recommendations

Cabinet is asked:

- 1) To agree the current Festival Hall site, Kirkby-in-Ashfield as the preferred site for a new flagship leisure destination.
- 2) To note and approve the indicative financial business model for the design and construction of the new leisure centre at the existing Festival Hall site and note a further report will be brought back to Cabinet and subsequently Council for funding approval post tendering.
- 3) To delegate authority to the Interim Director of Place and Communities, in consultation with the Portfolio Holder to:
 - a) select a suitable Framework agreement to appoint the professional team for the project;
 - b) commission the professional team to undertake design and development work to progress the project through to the end of RIBA Stage 4;
 - c) Approve the procurement of the leisure centre through the use of a competitive procedure with negotiation, for a Design and Build contract.

Reasons for Recommendations

Approval of the recommendations will enable the project to continue to be developed to the next stage. The report includes indicative capital and revenue implications. In the longer term the project seeks to deliver revenue savings through an “invest to save” approach resulting in a reduction in revenue costs when the Council retenders the leisure operator contract.

Alternative Options Considered

Do nothing: not recommended for a number of reasons. The Leisure Facilities Review has allowed the Council to understand the appropriateness of its current leisure stock and future requirements. The provision of an effective facility infrastructure will be central to the successful delivery of the health and wellbeing objectives within the Corporate Plan and to achieving savings through the leisure contract.

Detailed Information

The Council's Vision

The Council vision is for local people to have access to modern leisure facilities to help lead healthier lifestyles. A clear approach to providing facilities has been identified, including investment and rationalising the use of the Council's assets alongside coordinated provision from other sources.

To help sustain leisure provision into the future, the Council's Vision is *'to secure a districtwide network of quality, affordable, accessible and sustainable Leisure Centres and services for the benefit of all residents of Ashfield'*.

In order to achieve the Council's vision Key Projects have been identified within the Corporate Plan: firstly, to carry out a Leisure Facilities Review (July 2016) and secondly, to explore the feasibility for a replacement for the Festival Hall Leisure Centre (informed by the Leisure Review).

Leisure Review

The Council recognises the need to invest in its sport and leisure infrastructure to meet the objectives of reducing inactivity and improving the health and wellbeing of its residents; as well as ensuring the most cost effective provision. In order to address Corporate Plan priorities, an extensive Leisure Facilities Review was undertaken and Cabinet endorsed the findings on 14th July 2016.

The transformation programme for leisure centre provision has a clear approach to providing future facilities, including investment and rationalising the use of Council assets, alongside coordinated provision from other sources.

Cabinet on 13th October 2016 agreed to proceed with further feasibility works for the two preferred sites identified (the Festival Hall site and the NHS site on Portland Street), to encompass floor plans for:-

- a. Dry only leisure centre
- b. Wet and dry leisure centre.

Progress on previous actions agreed at Cabinet on 22 June 2017 and 19th February 2018

Progress the next stage of the feasibility into the preferred option to replace

the existing Leisure Centre with a new flagship Leisure destination in Kirkby in Ashfield on the preferred key town centre site, or if land acquisition of the preferred site cannot be achieved, progress the feasibility into the redevelopment of the current Festival Hall site.

Cabinet had previously approved additional feasibility work to be commissioned for both sites, including negotiations with NHS England regarding the purchase of the Portland Street site.

Following Cabinet approval to move to RIBA stage 3 (February 2018) the opportunity arose to revisit a town centre site that had been included in the initial feasibility work. Two adjacent sites, one at Pond Street and the other at Ellis St, were simultaneously advertised for sale. Officers entered into negotiations with the vendors' agent. Both sides agreed to proceed to Heads of Terms, provided that Ashfield could undertake surveys prior to proceeding.

The results of the survey showed that extensive additional building work would be required given the nature of the site, i.e. a variable depth to bedrock from 1m to 6m across the site would require piling, adding an additional £1m+ to the build costs. At this point, the Pond/Ellis Street sites are no longer being considered and are discounted due to the additional cost required.

The current Festival Hall site is proposed to be progressed for a number of reasons. Firstly, the land is in the Council's ownership and the overarching financial business case has been modelled and will be further informed by the next stage of works to develop specific cost proposals for the site. The overriding principle remains that the overall borrowing costs incurred by the capital project must be met by the future reduction in revenue costs associated with a new management contract over the lifetime of the project. The current site achieves this principle, where purchasing one of the other sites does not.

Secondly, the proposal will see the new leisure Centre built elsewhere on the current site, this will ensure that the current Leisure Centre will remain open to its customers throughout the build programme.

To commence the retendering of the Leisure Management contract by producing a 'shadow bid' followed by soft market testing.

Previous work carried out in 2016 supported the position to competitively tender for a new Leisure management contract commencing 1st April 2021. Soft market testing in the form of a shadow bid has now been undertaken. This has allowed the Council to fully understand the revenue implications in managing the District's leisure centre sites in the future.

Work is currently underway supported by the Council's procurement partner, Nottingham City Council to achieve a Leisure management contract commencing 1st April 2021. It is estimated that the cost of the tendering will be up to £50k to support the Council through this process. These one-off costs will be funded from the Economic Place and Development Reserve.

In order to inform the contract, stock condition surveys were undertaken at the Council owned leisure facilities in the District.

A cost envelope has been identified for the project which will ensure that over a 40 year asset life the new facility **will at least be 'cost neutral'**. This cost envelope is based on assumptions around expected build costs, funding contributions from the LEP and Sport England and estimated savings from a renegotiation of the Leisure management contract. Details of these are indicative at this stage and are also commercially sensitive. Once the tendering has taken place and costs and contributions have been finally determined a report will be brought to Cabinet and subsequently Council to approve the verified funding for the project.

Explore external funding opportunities

Potential match funding has been identified through the LEP (Local Enterprise Partnership) and Sport England's Strategic Facilities Fund. A business case was submitted to the LEP in January 2018 which is now being reviewed. Discussions with Sport England have been positive, the next stage will lead to being invited to submit an Expression of Interest.

Festival Hall site

The Festival Hall user group and findings from the consultation have provided valuable insight into the future requirements from a new facility. The group will provide an ongoing contribution throughout the project. The group wanted to see a better performance gym, more opportunities for sport and to retain the 'social' aspect of the current Festival Hall.

There was a clear mandate from the consultation to provide something different in the future, whilst building on the current social and health facilities, a new facility needs to attract a broader user base from the very young to members of the older generation.

The facility mix options have been developed through strategic and local context work, consultation, and supply and demand assessment.

The option proposed presents an opportunity to increase participation and improve health outcomes for the District. Importantly the options developed have been informed from the Council's leisure transformation strategy with long term suitability in mind.

Facility Mix

The proposed facility mix presents an improved combined model of provision and supports growth in events, conferences, fun, play, sports development, direct and indirect employment, business and health and wellbeing. Importantly the options provide something for everyone with activities from the very young to older people:

Sports Hall: To provide both social (events) and many sporting activities not currently provided, including basketball, volleyball, netball and indoor hockey.

Health and Fitness: To include, warm up/stretch, free weights and functional fitness area for enhanced performance and functional training alongside a range of gym equipment.

Two multi activity studios: The space will be flexible to allow for a range of activities and community programmes, including, dance, art, exercise and conference.

Group cycling studio: Has been and remains one of the most popular forms of exercise.

Wellbeing toning and Rehabilitation Suite: An older persons and rehabilitation facility linked to a specific wellbeing area, to provide opportunities for service integration with health partners to improve health and wellbeing.

Indoor adventure climbing wall: Clip and climb to compliment the core leisure facilities and provide an attractive proposition for the young people and families visiting.

Café/reception area: Enhanced facilities, there will be a significant increase on dwell time, therefore the café area is proposed which will be used as a party venue and for after school coaching.

Water space: The new administration asked for the water space to be revisited as a priority. Therefore, further analysis of pool water has been undertaken as part of the feasibility work. The findings have suggested providing 'flexibility' and 'family fun' space, allowing for the development of new activities, particularly aimed at families and entry level learn to swim programmes are likely to provide the most likely opportunity for increased use.

The supply and demand analysis highlighted that there was a deficit of 96m² of water space across Ashfield, increasing to up to 190m² in the future. Therefore based on the business planning it is proposed to build a 25m Pool with flexible floor and separate Leisure Water as this is operationally the most viable option.

A key driver for this type of water space is based around inactivity, with a greater emphasis on groups who are typically much less active such as women, disabled people and those from disadvantaged backgrounds.

The consensus from the Amateur Swimming Association is a preference towards pools with a mid-focus leisure offering, providing separate flexible lane swimming and leisure space which can cater for all.

This option meets wider needs of the local community than the other options explored. It will satisfy most users and help to drive an increase in participation and will provide potential to increase usage and improve the health and wellbeing of residents.

The Council's operator, Everyone Active believe that there is a demand for more casual swimming water across Ashfield and this can be provided at the new Leisure Centre with residents staying in the area rather than travelling to the Lammas. This would also help to reduce capacity issues at the Lammas where some sessions are overcrowded and will allow flexibility of the current programmes to allow for innovation and/or demands for specific groups.

Furthermore, analysis highlighted that the current Learn to Swim programme is near capacity at the Lammas; therefore, providing some lessons at Kirkby will help to release capacity for the Lammas site. Due to the proposed configuration of the pool at Kirkby, they may have limitations in the amount of time available to provide swimming lessons due to programming clashes and the need to provide casual swimming time for health and fitness members; therefore, there will be potential for the two facilities to complement each other in their programming.

There is currently a strong swim school at the Lammas and Everyone Active could consider focussing on lessons at the Lammas in the programming to provide a 'hub' for Ashfield's swimming lesson programme. As a result, the pool at Kirkby would be able to provide casual swimming access for residents to help saturate any demand overspill from the Lammas.

The analysis also highlighted the lack of leisure water space for families and a lack of shallow water to build confidence in the current provision. This option would provide fun and safe Leisure Water that will help meet the needs of children and families which is currently not available in the District.

It should be noted that the facilities mix could be subject to change during the procurement process due to potential costs escalations and revenue impacts caused by external factors. Minor changes that do not affect the overall cost envelope or negatively affect the objectives will be incorporated.

Economic and health impacts

The building of new leisure facilities can have a considerable positive impact on a local community, in relation to jobs, skills, health and wellbeing and economic growth. The benefits accruing from investing in a new facility in Kirkby support the financial case and needs assessment.

The existing leisure centre has high management costs due to the limited facilities and low attendances compared with the other main towns in the District - contributing to increased health costs from inactivity (Hucknall - 16 visits per head of population, Sutton - 15, Kirkby - 4). By providing an improved range and better quality facilities, wider usage will be encouraged. It is estimated that there will be approximately 412,000 annual visits to the centre and increasing the visit per head of population to from 4 to 14.

It is widely accepted in economic literature that sports participation has a number of wider benefits that can be captured and recorded. It has been calculated that the increased participation could yield significant "wellbeing" benefits of £16.16m. Sport England research indicates that physical activity improves the health of participants and that there are financial savings in lifetime healthcare costs. Using the Sport England calculations it can be projected that this project will save substantial healthcare costs that would otherwise have to be met, most probably by the NHS of £25.099m.

The business plan forecasts that the new wet and dry facility will generate circa 37.4 Full Time Equivalent (FTE) jobs, an increase from the current 12 FTE.

Provisional Project timeline

The indicative timeframes, (including slippage in the timeline) for the stages of work are set out below:

- Design RIBA Stage 1/2/3 - Concept/ Developed design: March 2019 - August 2019
- Design RIBA Stage 4 - Technical design: September 2019 - October 2019
- Planning: September 2019 - December 2019
- Procurement and appointment of contractor, Stage 1/ Stage 2: August 2019 - January 2020
- Construction: February 2020 - July 2021
- Fit out and testing: July 2021 - September 2021
- Opening: September 2021

Procurement

Following discussion with the Council's procurement partner Nottingham City Council and the leisure consultants supporting the project, it is proposed to use a Framework agreement to procure the services of the professional team. The estimated fees for the project are approximately 10-15% of the contract value which is a standard fee percentage for this type of project and covers fees for architects, engineers, project manager and cost consultants. There are a number of Frameworks available for local authorities to use. Selection of a Framework will be based on securing an experienced team to ensure that cost and quality are closely controlled.

The procurement route recommended for the project is a competitive procedure with negotiation resulting in the award of a design & build contract. This type of contract was effective at delivering the Lammas Leisure Centre to time and budget.

This procurement route is a flexible procedure, allowing the council to refine the scope of the requirements by negotiating with bidders during the course of the tender process. Engaging the

contractor earlier in the design process can help achieve efficiencies and reduce costs and the contract can be awarded on the basis of delivering to a maximum fixed budget.

Implications

Corporate Plan:

Health and Wellbeing - Secure a district-wide network of quality, affordable, accessible and sustainable Leisure Centres and services for the benefit of all residents of Ashfield.

Legal:

The Legal Section will provide advice and assistance in respect of all aspects of the development project and retendering of the Leisure Management Contract.

Contract Procedure Rules (Rule 3) enables the Council to use Framework Agreements subject to their compliance with EU requirements provided the framework offers value for money and/or savings in the costs of procurement. Contract Procedures Rules must be complied with as part of the Leisure Management Contract retendering process.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	It is expected that the overall project will be at least 'cost neutral' to the Council over the asset life. The costs of contract tendering of up to £50k will be met from the Economic Place and Development Reserve.
General Fund – Capital Programme	Details of the Capital costs of this project will be brought back to Cabinet/Council for approval once the tendering exercise has been completed and final costs and contributions have been determined.
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

Risk:

Risk	Mitigation
Increased costs, failure to secure match funding, planning permission, time delays.	A project risk register is maintained for both the build of the new facility and the retendering of leisure management contract to mitigate identified risks.

Human Resources:

No issues identified.

Equalities:

No issues identified.

Other Implications:

None identified.

Reason(s) for Urgency

Not applicable.

Reason(s) for Exemption

Part of the report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of Local Government Act 1972, and in respect of which the Proper Officer considers that the public interest in maintaining the exception outweighs the public interest in disclosing the information.

The exempted element of the report contains financial information which, if in the public domain, could adversely affect the Council's ability to competitively procure the leisure centre design and build contracts on the most favourable terms to the Council.

Background Papers

Cabinet – 24 January 2009, Leisure Centres Review.

Cabinet – 10 April 2014, Leisure Management Contract.

Cabinet - 24 March 2016, Targeted Activities Programme.

Cabinet – 14 July 2016, Leisure Review Transformation Programme.

Cabinet – 13 October 2016, Leisure Review Transformation Programme.

Cabinet – 22 June 2017, Leisure Transformation Programme – Replacement Leisure Centre in Kirkby in Ashfield.

Cabinet – 19 February 2018, Leisure Transformation Programme – Replacement Leisure Centre in Kirkby in Ashfield.

Cabinet – 9 July 2018, Leisure Transformation Programme – Selston Leisure Centre.

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