

Report To:	CABINET	Date:	23rd MARCH 2021
Heading:	LEISURE TRANSFORMATION PROGRAMME		
Portfolio Holder:	CLLR KIER BARSBY, PORTFOLIO HOLDER FOR HEALTH AND LEISURE		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

To update Cabinet on the progress with the Leisure Transformation Programme, including progress regarding funding applications to Sport England and the D2N2 Local Enterprise Partnership.

To confirm to Cabinet that the Council has received £265k from the Department for Culture, Media and Sport (DCMS) via Sport England for revenue support regarding the re-opening of the leisure centres in line with government guidance.

To request Delegated Authority to the Director of Place & Communities in conjunction with the Corporate Finance Manager, to enter into the Funding Agreement with Sport England, regarding £3m of funding towards the new Kirkby Leisure Centre once other ongoing due diligence by Sport England and D2N2 is completed and agreed.

Recommendations:

- 1. That Cabinet notes progress with the application to D2N2 Local Enterprise Partnership for £1.5m of funding towards the new Kirkby Leisure Centre development.**
- 2. That Cabinet notes the progress in the application to Sport England for £1.5m of funding towards the new Kirkby Leisure Centre development.**
- 3. That Cabinet notes progress towards the completion of the new Kirkby Leisure Centre.**
- 4. That Cabinet notes that the mobilisation process for the new Leisure Operating Contract is progressing towards successful transition to the newly awarded contract.**
- 5. That Cabinet approves the Delegation to enter into the Sport England and D2N2 Funding Agreements to the Director of Place & Communities in conjunction with the Corporate Finance Manager.**

Reasons for Recommendations

Cabinet will recall previous update reports regarding the Leisure Transformation Programme; that the tender process for the build contract for the Leisure Operating Contract had been awarded to Kier Group and that Everyone Active have been successful in being appointed as the Leisure Operating Contractor.

Council officers have now completed the process of applying to D2N2 LEP for £1.5m funding towards the Kirkby Leisure Centre. The Council has presented the project to the LEP representatives and we await formal confirmation of grant award.

Council officers have now submitted the final grant application to Sport England and this has received positive responses. The Council awaits from Sport England the proposed Funding Agreement which is the last step prior to the monies being awarded.

The Council has recently received £265k of funding from DCMS via Sport England for the re-opening of the leisure centres.

The Council achieved Start on Site with works to the Leisure Centre on the 4th November 2020 with the enabling works. Kier who have been appointed as the main works contractor took possession of the site on the 18th January 2021 with phase 1 works due to be completed in April 2022.

Everyone Active who have been appointed as the Leisure Operating Contractor are working with Council officers during the mobilisation phase leading to the commencement of the new contract on April 1st 2021.

Alternative Options Considered

Not to progress with Sport England Funding Application (not recommended)

The Council could have considered not applying to Sport England for funding towards the leisure centre development.

Not recommended. Whilst not progressing with a funding application would have enabled the Council to consider reduced specifications of the build, it would have also reduced the overall available budget by 10% (Overall funding package is £15.5m). It would also have had potential implications for accessing LEP funding for the project.

Not Progress with the Local Enterprise Partnership Application (not recommended)

The Council could have considered not applying to the D2N2 Town Centres programme as part of the LEP.

Not recommended. The funding programme is designed to support strategic regional and local regeneration programmes across the Derby and Nottingham areas. Not progressing with an application to the LEP would have seen the overall budget reduce by 10%.

The successful application has proven the Council's aspirations for the Leisure Centre development, as it achieves a number of key outputs linked to the economy and regeneration targets as well as health & wellbeing.

Detailed Information

The Council has been progressing with the replacement of the Festival Hall for several years. Following previously reported feasibility studies the existing site was chosen to be used for the development of the new facility.

As part of the RIBA design development, the overall budget envelope for the development was set at £15.5m. The funding envelope included anticipated funding from Sport England (£1.5m) and D2N2 (£1.5m). The remaining funding would be provided by the Council.

Council officers have engaged with representatives from both Sport England and the LEP throughout the process. Sport England attended design development meetings and more recently the Pre-Start meeting prior to the contractor commencing onsite.

Council officers have kept the LEP updated throughout the process, including attendance as necessary at regional meetings.

The due diligence process undertaken by Council officers through the design development of the Leisure Centre has enabled the project to remain within the identified £15.5m budget envelope. The tender process was concluded in the final quarter of 2020. The successful tenderer, Kier submitted a price within the overall budget envelope resulting in no additional funding being required to support the development. The tender figure being within the pre-tender estimate, is further testament to the design development and thorough development processes undertaken by the Council in ensuring that the project is both affordable and achievable within the set parameters.

The anticipated awards from both Sport England and the LEP confirms that the overall £15.5m budget envelope is now fully funded.

The Council submitted a grant application to Sport England for £265k revenue funding towards the costs associated with re-opening the leisure centres post pandemic. Confirmation of this funding has been received and the funding is awarded by Sport England on behalf of DCMS.

Council officers have been able to secure 100% of the grant value requested and this will support the Council and operator Everyone Active working together as effective Partners in re-opening the leisure centres for our local residents and customers.

Implications

Corporate Plan:

The development of the new Kirkby Leisure Centre is a key corporate objective. Securing the capital funding from the LEP and the expected positive response from Sport England will ensure that the project is fully funded.

Legal:

The agreement with the LEP and anticipated agreement with Sport England will require legal framework agreements to be completed. Legal colleagues will be involved in their respective drafting and agreement.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	N/A
General Fund – Capital Programme	£15.5m overall budget envelope for the Leisure Centre. £1.5m secured via the LEP and the expected successful £1.5m from Sport England will see the budget envelope fully funded.
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

Risk:

Risk	Mitigation
Failure to secure the Sport England funding	Council officers have worked closely with Sport England colleagues throughout the development programme. The project is supported by Sport England and the funding agreement is the final element of the application. This document will be reviewed by Legal, Finance and operational colleagues.

Human Resources:

There are no Human Resources implications as a result of this report

Environmental/Sustainability

There are no Environmental/Sustainability implications as a result of this report

Equalities:

There are no Equalities implications as a result of this report

Other Implications:

There are no other implications as a result of this report

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

Cabinet will recall previous reports submitted regarding progress with both the Leisure Operating Contract and the development of the Kirkby Leisure Centre.

Report Author and Contact Officer

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