

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Martin Veal, Cabinet Member for Community Services	
MEETING/ DECISION DATE:	On or after 15th April 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2942
TITLE:	Financial Approvals – Leisure	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix A - Public engagement findings report – Keynsham		

1 THE ISSUE

- 1.1 This report deals with moving provisional budgets relating to leisure capital works to full approval.
- 1.2 The progression of the options at Riverside in Keynsham led to the opportunity for the Council to redevelop the whole Riverside site making expansion and refurbishment of the existing leisure centre a viable option. Planning permission has been granted for the site and a capital and resulting revenue budget have been produced in partnership with Greenwich Leisure Limited (GLL). A provisional capital budget of £10.016m is in place for the scheme which now needs to move to full approval to allow the project to progress.
- 1.3 The car park at Bath Sports and Leisure Centre is in need of improvements and resurfacing works are required to bring it up to standard with the refurbished leisure centre. Works are also required to add lighting to improve the safety of the car park at Odd Down Sports Ground. There is currently £200k of CIL funding in provisional approval for these works which needs to move to full approval to allow the projects to progress.

2 RECOMMENDATIONS

Contractual Changes

- 2.1 Approval is given for refurbishment as the preferred option and the Council lead on the design and construction of the refurbished Keynsham Leisure Centre with GLL responsible for fitting out and operating the facility for the remainder of the 20 year contract making the required changes to the contract to enable this

Budget Approvals

2.2 To fully approve £10.016m from the 2017/18 – 2021/22 Council provisionally approved capital programme for the refurbishment of Keynsham Leisure Centre and car park works at Bath Sports and Leisure Centre and Odd Down Sports Centre.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 The cost plan shows that the refurbishment and extension of Keynsham as currently designed will cost £10.016m in total. This report seeks full approval of a budget made up as follows:

- (1) Current provisionally approved capital budget - £6.416m Leisure facility modernisation – move to full approval including Sport England grant - £0.5m
- (2) Provisionally approved additional borrowing Keynsham Leisure Centre Refurbishment - £2m – move to full approval
- (3) Capital receipt from sale of Riverside Buildings - £1.6m – move to full approval

3.2 A revised base case financial model has been developed by GLL for the proposed changes. The model shows that borrowing costs can be covered from the income derived from the contract. GLL have a contractual responsibility for income risk and as such are required to make the agreed payment to the Council whether business plan targets are reached or not.

3.3 It is not anticipated that there will be significant additional costs associated with the external structure & foundation maintenance responsibilities, which would pass back to the Council under the proposed changes. Should costs arise around the structure & foundations these would most likely be capital in nature and would require usual approvals to undertake. This is a risk already held by the authority.

3.4 Fully approve the CIL budget of £200k for the delivery of the works required to the car parks at Bath and Odd Down.

3.5 The Council is at risk for any loss of income that may be incurred by GLL during the phased closure of Keynsham Leisure Centre for refurbishment following the process set out within the contract. This is currently being mitigated by:

- (1) taking a phased approach to redevelopment to ensure as much of the centre stays open as possible
- (2) making use of Culverhay pool to rehouse as many of the displaced swimming lessons as possible
- (3) Exploring the possibility of making the Culverhay pool shallower to increase its capacity for swimming lessons
- (4) Any unfunded balances will need to be absorbed from within the Place Directorate revenue budgets.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 Public Health and inequalities to deliver the Fit for Life Strategy.

4.2 In order to undertake borrowing and provide guarantees the Council needs the statutory authority to do so.

5 THE REPORT

Contractual Changes

5.1 The contract currently requires GLL to design and deliver both the refurbishment works at Bath Leisure Centre and the originally intended new build at Keynsham. The business case, around which the contract was based, allowed for the costs relating to these activities.

5.2 During the latter stages of the procurement process, it became apparent that finding a new build site in Keynsham presented a number of challenges, so a mandatory variant was built into both the procurement process and the contract to allow for GLL to operate the existing Keynsham site for 5 years with the option of not building a new facility.

5.3 Following a land search to identify potential new build sites a public consultation was held as part of the Placemaking Plan process in September 2015 to consider the identified sites. This indicated a strong preference for the leisure centre to be developed on the Riverside site and for it to retain the sports hall and squash courts. See section 6 for more detail.

5.4 As outlined in the Single Member Decision E2854 of 26th May 2016 the progression of the wider options for the Riverside site have meant the Council has been able to develop plans for a refurbished facility on the site (rather than a new build) allowing for retention of the sports hall and squash courts.

5.5 Further consultation was carried out in June 2016 to consider the facility mix for a refurbished leisure centre with the vast majority of responses preferring option 2 of the refurbishment proposals that were presented. See Appendix 1 for further details on this consultation.

5.6 The following contractual changes need to be made to reflect this new approach:

- (1) An Authority change to implement the Mandatory Variant (this provides for GLL to operate the existing facility up to July 2020 as a long stop date, although it is anticipated the works will be completed before this date).
- (2) One fundamental difference from the original contract is that during the works period there will be a planned (phased) shut down of site. This will impact the original business plan and discussions are taking place to mitigate this impact.
- (3) After works are complete, there will be a further authority change to add the operation of the new facility into the contract. This contract change will be mutually negotiated and agreed as part of this change.

Budget Approvals - Keynsham

5.7 Planning permission has been granted for the refurbished leisure centre scheme and a cost plan drawn up. This identifies a required budget of £10.016m as described in section 3. This budget needs to move from provisional to full approval for the scheme to progress.

Budget Approvals – CIL funding

- 5.8 The car park at Bath Sports and Leisure Centre is in need of improvements and resurfacing works are needed to bring it up to standard with the refurbished leisure centre.
- 5.9 A revised layout is needed to create a safer environment for those using the new second entrance to the leisure centre, those coming from the rear car park, those crossing the car park to access Bath Rugby and to maximise the number of available parking spaces. A design has been agreed with the Recreation Ground Trust as landowners and GLL. The work will be carried out by the Council's preferred contractor.
- 5.10 Works are also required to add lighting to improve the safety of the car park at Odd Down Sports Ground. Lighting was not included when the facility was opened, however a health and safety inspection has highlighted the need for lighting to be provided in the car park. The work will be carried out by a Council approved contractor.
- 5.11 There is currently £200k of CIL funding in provisional approval for these works. The request is to move this to full approval.

6 RATIONALE

Consideration of Location and facilities.

- 6.1 Feasibility studies on a future for Keynsham Leisure Centre were first carried out (in 2013) in which a range of options were considered, including the refurbishment of the current leisure centre. These were considered by Council's Senior Management Team and Cabinet Programme Board in October 2013.
- 6.2 Following consultation with Cabinet Members in October 2013 a steer was provided to rule out the refurbishment option for a combination of reasons:
- (1) Cost
 - (2) reduced participation levels compared to a new build
 - (3) ongoing revenue position
 - (4) the negative impact of retention on the proposed redevelopment plans for the site at that time.
- 6.3 At that time **expansion** and refurbishment of the leisure centre was not an option thereby meaning there was no viable business case.
- 6.4 In September 2015 a consultation on the Placemaking Plan identified a number of possible locations for a new build centre which included: Riverside, Hawkswell, Ashton Way, Memorial Park, land adjoining St Keyna School, and Wellsway/Somerdale.
- 6.5 A clear majority - over 80% of the respondents - chose the Riverside site as their first preference with just under 20% choosing Hawkswell and a very small percentage choosing Ashton Way.
- 6.6 In addition the consultation highlighted a number of concerns for residents. Key issues raised were:

- (1) Loss of the sports hall within any new build leisure centre.
- (2) Requests for spectator viewing - the current pool has an extensive viewing gallery.
- (3) Requests for at least the same amount of studio space as a minimum.
- (4) Loss of squash courts.

6.7 The progression of the options at Riverside resulted in the opportunity to redevelop the whole Riverside site making **expansion** and refurbishment of the existing facilities a viable option. This now provides a cost effective solution to deliver not only the desired range of facilities as highlighted through the public engagement process but also those highlighted in the Fit for Life Strategy.

7 OTHER OPTIONS CONSIDERED

7.1 A new build centre was considered, but following a review of the sites by officers and the public engagement feedback in September 2015 the preferred site was the Riverside Site. As described in section 6 a refurbishment is now a viable option and as the leisure centre is already located on that site, the new build centre is no longer being recommended as the preferred option. .

8 CONSULTATION

8.1 In September 2015 a consultation on the Placemaking Plan was carried out as described in 6.4, 6.5 and 6.6.

8.2 Further public consultation was carried out in June 2016 with the vast majority of responses preferring option 2 of the refurbishment proposals. See appendix 1 for further details of the consultation.

8.3 Consultation has also been carried out with Cabinet Members, Strategic Directors, Section 151 Finance Officer, Monitoring Officer, Procurement, Keynsham Town Council, leisure centre user groups.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 There is a risk that interest rates will change.

9.3 Taking on the lead for the works attracts additional risk to the Council over that originally anticipated through the Leisure contract, particularly risk around design and delivery, which includes financial envelope and timetable risks.

9.4 Once completely refurbished the external property maintenance risks would remain with the Council and would not transfer back to GLL as per the original contractual arrangements under new build proposals in line with the arrangement at Bath Sports and Leisure Centre.

9.5 A risk register is maintained for the project by the project manager.

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Background papers	<i>Single Member decision E2854 - 26/05/16</i>
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