
Dolphin Centre Replacement

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|---|---|
| Relevant Portfolio Holder | Cllr Mike Webb Cllr Roger Hollingworth |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service Relevant Director | John Godwin Jayne Pickering |
| Wards Affected | N/A |
| Ward Councillor Consulted | N/A |

1. SUMMARY OF PROPOSALS

- 1.1 The report provides members with an overview of the current situation regarding the Dolphin Centre located in School Drive, the need to progress a replacement of the centre due to the building's condition, and the costs associated with bringing a replacement centre into use.
- 1.2 This review is in line with the Royal Institute of British Architects (RIBA) work stage A (Appraisal) and B (Design Brief).
- 1.3 The report also provides the rationale for the proposed facility mix within the new site, the basis for the preferred location and the impact on the Council's Medium Term Financial Plan (MTFP).

2. RECOMMENDATIONS

The Cabinet is requested to recommend to Full Council:-

- 2.1 That Option 2a, as set out below, is confirmed as the preferred option for the replacement of the Dolphin Centre at a total project cost of £11.5m:

Facility Mix:

- Main Pool - 25 by 13 meter (6 lanes) with 100 spectator seats
- Learner Pool - 12 by 8 meters with moveable floor
- Fitness Suite – 80 stations with functional training spaces supporting up to 1800 members
- Dance studio – 2 spaces for up to 60 people
- Spinning studio - for up to 25 people

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- SPA facilities and treatment rooms - Sauna, Steam Room & Jacuzzi
 - Ancillary facilities includes car park at 200 spaces
- 2.1.1 That within the total cost, the Council purchases the Blackmore House site on School Drive from Worcestershire County Council at a value of £1.425m.
- 2.1.2 That borrowing of £9.536m is approved to fund the majority of the costs associated with the project.
- 2.1.3 At the completion of the project, the enabling land that will be no longer required on School Drive (currently Car Parking) is considered to be surplus to requirements and is offered to the market to reduce the borrowing costs.
- 2.1.4 That £100k of balances are used to ensure the total funding of £11.5m for the project is available
- 2.1.5 That officers investigate and implement an option to develop a Dual Use arrangement at North Bromsgrove High School provided that it does not impact on the capital costs incurred by the Council and therefore does not impact upon the MTFP.
- 2.2 That delegated authority be granted to the head of Leisure and Cultural Services and Executive Director, Finance and Corporate Resources, following consultation with the portfolio holder, to agree the final terms for the disposal of land associated with this project;
- 2.3 That authority be delegated to the Head of Legal, Equalities and Democratic Services to enter into the necessary legal documents for the purpose of implementing recommendations in 2.1 and 2.2
- 2.4 That officers are requested to provide updates on the project at key milestones as agreed with the Portfolio Holder for Leisure & Cultural Services to include verbal updates at Cabinet meetings and an update report once final tender submissions are received to confirm the final project position and proposed timescales.

3. KEY ISSUES

Background

- 3.1 As members may be aware the Dolphin Centre was designed and built in the early sixties providing a swimming pool and diving complex, with a 25yard by 6 lane main pool including a diving pit, 1 meter and 3

meter spring boards and a learning pool that doubles up in the winter months as a community venue hosting dances and similar events.

One of the interesting features with the current Dolphin Centre building is the unique way in which it has been constructed and the way that the topography of the site has been managed.

Strafford Road in places is a steep hill. When constructed, rather than follow a more traditional design route by excavating the hill and using retaining walls, the current building has been built on a series of concrete columns and piers. This in effect means that the pools are at first floor level with all service, plant and machines located underneath the pool tanks and surrounds.

The centre opened in 1966 and at the time it had an expected life of 35 to 40 years.

The facilities have been extended over the years to reflect changing usage patterns, to offer greater access to a wider variety of services, to improve the customer's experience and to respond to new initiatives.

The most significant alterations to the site have been as follows:

- 1989 - Addition of a Sports Hall at the rear of the building, including disabled changing facilities for the pool areas.
- Introduction of a water slide.
- 2005 - New ancillary facilities to meet DDA requirements and to improve customer flow, including reception, changing and café areas.
- 2009 - Old reception, cafe and changing areas converted into Health and fitness with dance studio.

3.2 As an element of the health and fitness preparatory works the Council undertook a structural survey of the building in April 2008. This report identified that following numerous repairs to the pool tanks and poolside surround, that the concrete slabs and soffits had become damaged. The specific areas of concern related to the area that supported the small pool and main pool spectator's gallery.

These concerns were included in a report to members in July 2008 providing an overview of this situation and the recommended course of action.

Currently these are not deemed to present significant concerns but these issues remain a focus of attention, as the position will not improve, and as such there is a need to replace the site within the next 3 to 4 years. The costs associated with repair have been considered but this is considered to be impractical due to the layout of the site and

repair/refurbishment costs would be significantly higher than those of a replacement facility.

Furthermore to follow such a route would mean the current services would have to cease whilst these works were completed.

A summary of the condition survey is enclosed within the background papers with additional detail contained within the reports from Capita Symonds and the Sports Consultancy.

- 3.3 Within the local area, the Dolphin Centre plays a pivotal role in the provision of a sports and physical activity as it is the only wet and dry facility to offer the opportunity for residents to participate in sports and physical activity on a pay and play basis. This sets the centre apart from other local providers who either have no wet facilities to offer, are based on Dual use model with restricted access or those business models are based on member only access and monthly fees.

The centre therefore makes sports, physical activity and healthy lifestyles an everyday choice in Bromsgrove for all the family, delivering the strategic purposes of Bromsgrove Council in:-

- (i) Provision of good things to see, do and visit; and
- (ii) Help me live my life independently (health & well being).

The centre supports many different agendas including local sports club and competition structures through long term block booking arrangements for those who rely on local Council provision.

It allows clubs with aspirations to own their own facilities to grow and to become self-sufficient and sustainable in their early formative years prior to taking this important step.

It promotes the health based sessions with the sports development team, health organisations and local partners that get the inactive active, support living independently and offers the opportunity to remain active in the long term through sustainable exit routes.

The centre promotes player pathways, get back into sport campaigns and competition structures to develop and enhance participant's skills in a variety of sports.

Coach, volunteer, club and sports education opportunities are provided to strengthen the local sporting offer and the centre offers a wide variety of opportunity for work placements, vocational courses and employment to young people.

The centre has successful programmes and opportunities for young people to engage in positive activities due to its key location in the Town Centre where young people like to spend evenings and weekends. Successful programmes in recent times include football, dodge ball and street dance.

These programmes not only support off peak usage at the centre but more importantly assist in the delivery of community safety objectives by reducing perceptions of anti-social behaviour and allow agencies in some cases to link and interact with hard to reach groups.

Sport England funding has also been utilised to target youth age groups at the centre to provide incentives to experience gyms and exercise classes. This assists in preventing the 'drop off' in sports at key age ranges, to prevent lifestyle related conditions such as obesity/inactivity from developing in the first place.

During the last 6 years, the centre has worked very closely with the Council's Sport Development team to create targeted activity programmes for disabled users. These programmes have thrived within the existing Dolphin Centre and evidenced demand for future programmes in a replacement facility which can capitalise on this success.

Over £120k worth of revenue funding has been attracted to the area for disability sport as a direct result and Bromsgrove District is leading the County with the first Boccia, Wheelchair Basketball and Athletics clubs for people with physical disabilities.

The psycho-social and health benefits for residents can be determined with positive impacts on wellbeing and volunteering, a reduction in medical operations, poor health and social isolation. The new replacement facilities harness the many benefits and have influenced the decisions around the proposed facility mix.

The Council has worked with many organisations and galvanised partnerships with key local providers to provide positive activities for disabled people. These groups would welcome increased access to the centre and the flexibility a new site will offer.

Organisations and groups include local Special Schools, the Stroke Association, Princess of Wales Community Hospital, Local daycare Services, Connect Bromsgrove and Age UK.

There is a growing demand across the local partnerships and user groups for a facility that reaches beyond the traditional legal requisites;

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- The disability swimming programme, previously located at Chadsgrove School hydro pool has progressed and many are now ready to access an accessible mainstream pool. The proposed centre and facilities will be able to offer the services required due to the facility mix put forward.
 - The ageing population and the associated conditions that can arise increases the demand for a more inclusive and accessible facility. Daytime activities for older adults will grow as will the need to ensure that users can access wet side facilities in a prompt and dignified manner.
 - The reduction in traditional day care centres increases the number of disabled groups that wish to access the centre and increases the need for more inclusive parking spaces that can accommodate larger vehicles. This requirement will be built into the car parking plan for the site and offer large spaces that sit between traditional car park and coach bays.
 - The demand and uptake of participation in inclusive sports clubs has grown. There is a greater demand for more fitness and dance based activities for people with disabilities, as well as a facility that can accommodate sports chairs. Many of our clubs would be able to relocate to the Council's facility and benefit from the social aspects of the new facility. This would increase both usage and income for the centre but also contribute to the Paralympic legacy from London 2012 and allow the Council to meet the aspiration that has been created.
 - The reduction in funding to allow relocation to other specialist colleges will increase the number of young disabled people in the area. We have funding to support with qualifications and training to create volunteering opportunities at the centre and offer more activities to increase the employability and positive activities for disabled young people.
 - The Future Lives project, allowing independent care budgets will potentially increase demand on leisure facilities as residents can spend their allowance as they wish. An accessible facility will allow specialised programming for disability groups and older people and increase opportunities for local residents.

3.4 In 2010 a survey was undertaken into leisure activities within Bromsgrove with the key findings listed below:-

- The Dolphin Centre is the most commonly used venue for physical activity in Bromsgrove with 44% of young people and 55% of adults reporting to use the site. With the swimming pools, fitness suite

and café/restaurant being the most commonly used, these areas are seen as good value for money.

- That 72% of respondents agreed or strongly agreed that a Leisure Centre should remain in the Town Centre.
- In addition a further 28% stated the Leisure Centre being the reason to come to the Town, and nearly a third combining a trip to the centre with a visit to the High Street.
- The main reasons for using the centre were health and wellbeing, fun and socialising.
- 61% of those surveyed stated they used a car to travel to the service/facility.

Later in 2010 as part of the Town Centre Area Action Plan Survey a further series of questions were asked around future leisure provision.

This led to additional detail being provided outlining what residents would like to be included in the new site. This detail is within the background papers titled; Capita Symonds report on Review of Leisure Centre Provision in Bromsgrove May 2012.

- 3.5 In 2011 an external company was procured to undertake a full review of future leisure provision in Bromsgrove.

The report which was a RIBA Stage A report was overseen by a project team that included representatives from strategic planning, town centre regeneration and leisure services.

The aim of the study was to ensure the optimum leisure provision is developed for Bromsgrove in terms of its scope, location, affordability, financial performance, construction cost and phasing. The other critical delivery is the contribution to the overall Town Centre regeneration scheme and compliance with the relevant planning documents of the time.

The report focused on the following areas and is available as a background paper.

- Background review which looked at consultation survey results previously undertaken, key strategic documents, condition survey data for the centre and stakeholder consultation.
- Supply and demand review of the availability of local sports facilities against national data sets at the time and moving forward based on population projections.

- A review of latent demand statistics to ascertain the expected level of health and fitness memberships that could be achieved when viewed against local competitors.
- Site selection and preferred site appraisal, which looked at the available sites at the time and reviewed them to ascertain which site was best suited to the Council's overall objectives. This was based upon:-
 - (i) A review of planning context and policies;
 - (ii) An advantages and disadvantages review of all sites;
 - (iii) Financial implication assessment; and
 - (iv) Scoring exercise against an agreed matrix.
- Initial Options Development, that looked at initial facility options, concept designs, capital cost estimates and benchmarked revenue estimates.
- The Preferred Option summary expands on the previous section and covers the detail on the preferred facility mix, the initial design implications/options and the costs associated with development of this concept.
- Issues for further consideration and Implementation and Risk Sections, outlined the future actions the Council would need to undertake to move the project forward to a point when a final decision to progress could be taken.
- The Conclusion and Recommendation Section brought the above sections together and outlined the key elements of the project at that stage.

Within the report the following options (1 to 4) were evaluated to decide upon the preferred facility mix. You will see this is based upon a set of proposed core services with a review of optional facilities to compliment them:

| Core Facilities | Option 1 | Option 2 | Option 3 | Option 4 |
|---|-----------------|-----------------|-----------------|-----------------|
| Main pool | X | X | X | X |
| Learner pool | X | X | X | X |
| Health and fitness suite | X | X | X | X |
| 2 x dance / fitness studios | X | X | X | X |
| Spinning room | X | X | X | X |
| Spa facilities | X | X | X | X |
| Spa treatment rooms | X | X | X | X |
| Ancillary Areas | X | X | X | X |
| Parking | X | X | X | X |
| Optional Facilities | Option 1 | Option 2 | Option 3 | Option 4 |
| 3 x Five-a-side football pitches & 1 x MUGA | X | X | | |
| 4 court sports hall | X | | X | |

3.6 The final report was issued to officers for initial review in late May 2012 and was present to the Town Centre Steering group at the time. The key findings contained within the document were as follows:-

*Please note for the purpose of modelling and in order for BDC to reclaim the construction costs VAT, it was assumed that the centre would operate as it does at present on a trust based model:

- The preferred location for the new centre would be site 5, which is the current Dolphin Centre Site plus the land currently owned by Worcestershire County Council (WCC) where Blackmore House stands.

This would mean that the land owned by WCC would be purchased and the current Dolphin Centre site and School Drive car park would be reconfigured and sold to offset the cost of the development.

- The recommended facility mix contained:

Main Pool - 25 by 13 meter (6 lanes) with 100 spectator seats

Learner Pool - 12 by 8 meters with moveable floor

Fitness Suite – 90 stations with functional training spaces supporting up to 2000 members

Dance studio – 2 spaces for up to 60 people

Spinning studio - for up to 25 people

SPA facilities and treatment rooms - Sauna, Steam Room & Jacuzzi

Outdoor pitches inc. floodlights – 3 STP 3G Surfaces & 1 Hard Standing

Ancillary facilities includes car park at 200 spaces

This facility mix is shown at Option 2 of the report and offered an increase in participation of approximately 30% on current usage levels and an operational recovery rate of 113.7%.

3.7 Members will note from the above facility mix that there were a limited number of differences between the current facilities at the centre and those proposed in this model, these include:

- Reduction in spectator seating from approximately 185 seats to 100. There have only been 2 inter club galas held at the Dolphin Centre in 2013 and therefore the proposed seating allocation meets the current demand.
- The centres initial catering offer will be vending based provision with space built in to plans if required to install café option as required in future.
- A moveable pool floor will be implemented in the small pool to increase programme diversity and to increase opportunities for groups who have specialised access or water temperature needs.
- No onsite Sports Hall based on Sport England Facility Planning Model (FPM) information that demonstrated that the current provision across Bromsgrove is more than adequate to meet current and future demand, particularly given the addition of 2 new courts at Bromsgrove School.

Future increases in demand could be met through increased access to facilities where access is currently limited (for example school sites). However an option to access North Bromsgrove High School (NBHS) provision through hire or dual use agreement can be explored to offer peak time opportunities for community based sessions and pay and play bookings.

In May 2014 the Sports Hall FPM was re run following discussions with colleagues at Sport England, the revised assessment has

confirmed that the above conclusions remain correct and conversations will now be progressed with both parties on how best to ensure the correct facility mix for Bromsgrove as the project progresses.

- Increased studio space to accommodate larger classes, increase flexibility and to relocate non racket sport users from the Sports Hall.
- Introduction of floodlit outdoor courts in line with local need and playing pitch strategy (2009).
- Increased and purpose built car parking provision for the facility to accommodate a larger centre with increased usage capacity and to support access arrangements.

- 3.8 The facility should be provided as soon as possible given the age of the building and the structural issues that the site faces but the report notes the issues that bringing the proposed site together would pose.

An indicative timeline has been referred to, which suggests that a build programme would be around two years for full completion. This would need to be developed further as the programme progressed and could not be finalised until a preferred contractor has been appointed.

Based on recent schemes of this nature and discussion with colleagues, the anticipated design and construction phases of this project would have an anticipated completion of around April 2017.

An indicative timeline is shown later within this report.

- 3.9 The preferred option would cost (inclusive of all land purchase and professional fees) £11.525m.
- 3.10 Following consideration of the initial report, officers requested further information and updates to ensure the capital costs were affordable whilst delivering an exciting new facility for the community.

The new report was issued in late September 2013 and included:

- Review of the total project costs to confirm the capital burden on BDC and ensure the scheme was affordable whilst meeting the community's expectations.
- Assessing alternative build models that were new to the market, their affordability and overall quality of the offer.

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- Finalising the exact location on School Drive based on cost models and build time. This in effect meant a review of the benefits of building on the Blackmore House site whilst maintaining the services at the Dolphin Centre versus stopping the services in order to rebuild the centre on the current site.
 - Confirmation of the facility mix and project cost model prior to taking the final scheme forward, including the impact on Medium Term Financial Plan.
 - Review of current revenue funding to ensure the figures remain robust.
 - Provide an indicative usage measure of the site to provide a basic understanding of cost versus benefit.

3.11 This report also took into account a number of actual or proposed changes that had occurred within the overall local facility mix since the first report was commissioned to ensure that the supply and demand, including latent demand figures, remained as robust as possible.

Changes considered:-

- Increased competition in the local Health & Fitness market following changes at the Ryland Centre, Bromsgrove School and within the private sector where a number of smaller operators had opened.
- An understanding that South Bromsgrove High School (SBHS) were progressing funding submissions and a planning application (subsequently successful) to develop a full size 3G pitch at the school.
- Review of current usage and participation trends at the Dolphin Centre and information available from Sport England's Sport Participation tool.
- Additional facilities being implemented across Worcestershire and the impact this may have on the ability of the site to generate additional income.

Members should be aware that for the purpose of agreeing the funding envelope for this scheme, these proposals have excluded external funding opportunities that may/may not exist in the future and based all assessments on a prudential borrowing approach supported by land sale valuations.

3.12 The findings of the further report (RIBA Stage B) were as follows:

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- That the standardised models that were new to the market should be discounted as they did not meet the specific needs identified within the review, that they are not proven in terms of quality or durability at this stage and that the offer would be below that expected by local residents.
 - That option 1 (the preferred model from the stage A review) is considered to be unaffordable and will require either additional capital investment or ongoing revenue funding if progressed.
 - Options 2a, 2b, 3a and 3b are affordable. However options 2b and 3b would result in a loss of service for up to two years and provide a smaller car park than considered ideal.
 - That although options 3a and 3b were more affordable, options 2a and 2b increased usage and participation rates more, and that the balance between these options and the benefits they delivered should be considered.
 - That the land purchase price that was agreed with the County Council would prove to be critical in the affordability of option 2a. If the price was in excess of £1,598,385 the scheme could not be afforded.

The full detail of these options can be found in the back ground papers, The Sports Consultancy report on Reduced Costs Options, September 2013.

The table overleaf summarises the proposed facility mix for each option, the site locations and car parking provision:

BROMSGROVE DISTRICT COUNCIL

CABINET

2nd July 2014

| Core Facilities | Option 1 | Option 2a | Option 2b | Option 3a | Option 3b |
|--|-----------------|------------------|---------------------------------|------------------|---------------------------------|
| Main pool (6 Lane x 25m) | X | X | X | X | X |
| Learner pool (12m x 8m) | X | X | X | X | X |
| Health and fitness suite (80 stations) | X | X | X | X | X |
| 2 x dance / fitness studios | X | X | X | X | X |
| Spinning room | X | X | X | X | X |
| Spa facilities | X | X | X | | |
| Spa treatment rooms | X | X | X | | |
| Climbing wall | X | | | | |
| Five-a-side football pitches (x3) | X | | | | |
| Parking | 200 spaces | 200 spaces | Current DC parking (135 spaces) | 200 spaces | Current DC parking (135 spaces) |
| Site for the new centre | WCC land | WCC land | Dolphin Centre | WCC land | Dolphin Centre |

| Core Facilities | Option 4a SE Affordable Pool | Option 4b SE Affordable Pool | Option 5a Sunesis | Option 5b Sunesis |
|--|---|---|----------------------------------|----------------------------------|
| Main pool (6 Lane x 25m) | X | X | X | X |
| Learner pool (12m x 8m) | X | X | X | X |
| Health and fitness suite (80 stations) | | | X | X |
| 2 x dance / fitness studios | | | X | X |
| Spinning room | | | | |
| Spa facilities | | | | |
| Spa treatment rooms | | | | |
| Climbing wall | | | | |
| Five-a-side football pitches (x3) | | | | |
| Parking | 200 spaces | Current DC parking (135 spaces) | 200 spaces | Current DC parking (135 spaces) |
| Site for the new centre | WCC land | Dolphin Centre | WCC land | Dolphin Centre |

3.13 Once received and reviewed, the Stage B report was discussed with the corporate management team and funding included in the Medium Term Financial Plan with the aim to provide this full report to members in the spring.

The details of the preferred option **(2a)** are as follows:

Location: School Drive, Bromsgrove based on the purchase of the Blackmore House site for WCC at £1.425m and the sale of the enabling land on School Drive for £1.8m

Facility Mix:

- Main Pool - 25 by 13 meter (6 lanes) with 100 spectator seats

- Learner Pool - 12 by 8 meters with moveable floor
- Fitness Suite – 80 stations with functional training spaces supporting up to 1800 members
- Dance studio – 2 spaces for up to 60 people
- Spinning studio - for up to 25 people
- SPA facilities and treatment rooms - Sauna, Steam Room & Jacuzzi
- Ancillary facilities includes car park at 200 spaces

Performance – An increase of 11% on current usage performance is anticipated and an operational recovery rate of 105.4%.

Indicative Cost - £10.863m excludes fit out costs associated with opening and operating the building, section 106 contributions, revised service and utility cost and abnormal ground conditions.

Key Assumptions – Delivery of a new facility

- The Operator will be a leisure trust in line with current service provision and legal documentation on a full repair and maintain lease basis.
- Leisure Provider will provide the health and fitness equipment and all ICT systems associated with their operation.
- That any costs associated with creating dual use arrangement with BAM/NBHS will be met from external funding sources or within the 5.5% cost envelope contingency.
- That existing utility supplies and services are sufficient and there will be no large scale costs associated with the site connections.
- That partial car parking refunds would no longer be offered on site by the Council.
- That 'mean' BCIS building costs for 'wet and dry sports centres' have been assumed, thus the centre will be specified to a high standard for public sector buildings but not to a point where it becomes unaffordable. The basis for this is that the better the quality of the original installation the lower the ongoing costs of maintenance and refurbishment will be.

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- Future years large scale refurbishment costs have been excluded from the business model and the life expectancy of the facility is 50 years in line with the prudential borrowing assumptions.
 - That there will be no unusual ground conditions found on site given that both sets of land parcels are currently in use and built upon.
 - That given it is a leisure centre and non-residential development that 106 contributions would not be required other than possible highway improvements. However it is not expected to be required given the site is a replacement and traffic assessments should demonstrate that peak usage will occur outside of the main town centre usage periods.
 - That planning permission will be granted and the cost model will not have to be revised following planning consent due to unforeseen requirements/conditions that may be applied.

Changes from Initial Model were as follows:

- Reduction in fitness suite space following the revised latent demand figures from a 90 station fitness suite (2,000 membership base) to an 80 station fitness suite (1,800 membership base).
- Climbing Wall (added post 2012 report being issued but included in option 1 model at RIBA stage B) removed from the scheme based on discussions with providers around the overall return to the Council. This would remain an aspiration should sufficient funds be found in the overall cost envelope.
- Outdoor pitches removed based on the successful funding application at SBHS and approved planning permission being granted. Work has now commenced on site.
- Revised professional fee percentages based on current schemes being progressed, and costs associated with them.
- Reduction in square meter sizes in some non-critical areas to shrink the overall foot print and thus reducing the total cost of the build programme and associated fees whilst maintaining key facilities to support local demand.

4. Financial Implications

4.1 Prudential Borrowing:

- 4.1.1 Prudential borrowing is the set of rules governing local authority borrowing in the UK.

- 4.1.2 The Prudential system encourages local authorities to invest in the capital assets that they need to improve their services. It allows them to raise finance for capital expenditure without government consent as long as they can afford to service the debt out of their revenue resources.
- 4.1.3 Borrowing must conform to the Prudential Code which (among other things) requires that borrowing be affordable and prudential. The levels of borrowing are identified for the Council within the Treasury Management Strategy as approved by the Audit Board in March 2014.
- 4.1.4 The level of borrowing that can be funded for the proposed replacement Leisure Centre is calculated based on ability for the Council to reduce the current net operating costs of the centre to meet the level of borrowing costs.
- 4.2 The current cost (2014/15) associated with the operation of the Dolphin Centre through the trust arrangement the Council entered into with Wychavon Leisure is £436k.
- 4.3 A detailed review of costs and income generated is included in the background papers. The summary position for the recommended option is:

| Revenue Summary | £'000 |
|---------------------------|--------------|
| Income | 1,156 |
| Expenditure | 1,096 |
| Profit/ (Loss) | 60 |
| Base Position | -436 |
| Comparison to Base | 496 |

- 4.4 Using the prudential borrowing model the level of funding that can be achieved is £9.536m. In addition to the borrowing the surplus land will be sold and this is currently valued by the District Valuer of approximately £1.8m. This provides an estimated funding stream of £11.4m. It is proposed that the Head of Service continues to source external funding opportunities to deliver the £100k remaining, however it is proposed that £100k is used from working balances to meet this shortfall should there be no external funding granted.
- 4.5 The detailed costs associated with the build of the replacement centre are included within the background papers. The table below is a summary of the recommended option:

| | £'000 |
|-------------------------------------|--------------|
| Leisure Centre Construction | 6,889 |
| Parking, Access & Landscaping costs | 772 |
| Design & Professional fees at 12% | 1,011 |
| Contingency @ 10% | 766 |
| TOTAL BUILD COST | 9,438 |

- 4.6 The above sum contains a 10% contingency relating to the build works.
- 4.7 In addition to the main build costs the Council would provide funding for the purchase of Blackmore House from the County Council of £1.425m.
- 4.8 The capital projections of £9.438m relate directly to the construction cost of the site and associated professional fees, as is the case with all projects there will need to be a budget outside of the main contract to fund associated costs that may develop as the project progress.

This would equate to a further contingency of 5.5% to mitigate against cost increases due to expected growth within the construction sectors between the point of tenders being received and the production of this report, the key assumptions that have been identified and need to equip the site ready for opening.

This would result in an additional £597k.

- 4.9 Therefore the total costs for the replacement are:

| | £'000 |
|--------------------------------|---------------|
| Total Build Cost | 9,438 |
| Purchase of Blackmore House | 1,425 |
| 5.5% Contingency | 597 |
| TOTAL REPLACEMENT COSTS | 11,460 |

When the final tenders are received (Design Stage H) the overall project cost plan will then be reviewed and the final cost envelope agreed. At this point an update report will be provided to members that finalises the total project budget and may result in a revision to the capital programme.

Officers are confident that the total costs will not exceed £11.5m, however until detailed designs are finalised and tender submissions are received these prices will remain indicative.

4.10 Land Acquisition:

Officers have been in negotiations with the County Council over the purchase of the Blackmore House site in order to progress this project as this was deemed to be the most appropriate development site and the most economically advantageous location of the new centre.

The initial report from the Sports Consultancy had estimated a value of £1.3m for the site however this was not acceptable to the County Council as a true reflection of the asset value. Following a number of discussions, to include consideration of the significant benefit to the community an agreement was made at £1.425m. The most recent independent assessment by the District Valuer reports that this is a reasonable level for purchase.

There will be an area of land that will be surplus to requirements once the facility is open. For the purpose of the financial model we have assumed a sale price for this land of £1.8m which, although at the high end of the range from the District Valuer is assessed as being achievable in a town centre site.

4.11 Revenue Implications:

4.11.1 Currently the Council funds the provision of the services at the Dolphin Centre through a grant funding agreement at a cost to the Council of £436k. It is assumed that the new centre will be operated under a similar framework as this provides the most financially beneficial model to the Council. The projected income and costs from the new development are shown in the table below:

| | Business Case £'000 |
|--|--------------------------------|
| INCOME | |
| Wetside Admissions | 379 |
| Health and Fitness (including Studio) | 600 |
| Spinning Studio | 15 |
| Spa Facilities | 20 |
| Treatment Rooms | 15 |
| Secondary Spend | 92 |
| Additional Income from Parking | 36 |
| TOTAL INCOME | 1,157 |
| | |
| EXPENDITURE | |
| Staffing | 520 |
| Premises | 199 |
| Lifecycle Costs | 115 |
| Advertising / Marketing | 29 |
| Administration | 55 |

| | |
|------------------------------------|--------------|
| Other Supplies and Services | 6 |
| Cost of Sales | 46 |
| Non Controllable and Central Costs | 127 |
| TOTAL EXPENDITURE | 1,097 |
| NET SURPLUS | 60 |

4.11.2 The net surplus reflects a financial benefit of £496k against the current position. The new financial projections for the centre would meet the current deficit of £436k and provide a further £60k of surplus to the Council. However on-going maintenance and insurance costs would need to be funded from this surplus dependent upon the nature of any contractual relationships entered into and their duration.

The current MTFP includes the funding of the borrowing costs of £9.536m funded from this improvement to the financial position to ensure that once the centre is open and operating there is no financial cost to the Council.

4.11.3 The MTFP also included the first 3 years of borrowing from balances of £924k. This ensures there is no additional cost to the community whilst the replacement centre is being built. The balances position will remain at an appropriate level following the use for the borrowing.

5. Legal Implications

5.1 The Council will be using external solicitors to undertake the construction contracts (amended JCT contracts) associated with this project. These costs have been factored into the professional fees section of the above costings and will be procured as part of the overall project management package.

5.2 The land purchase and sale aspects will be handled via the legal services section and support via the District Valuer and County Council Property Services Team.

5.3 The design team and project management contracts will be subject to a competitive tendering exercise or through an approved buying solutions contract and will be overseen by the Head of Leisure & Cultural Services supported via the legal and procurement teams.

6. Service / Operational Implications

6.1 As a result of the land acquisition contained within this report's recommendation there will be no impact on the current delivery of the services at the Dolphin Centre provided the buildings condition remains stable.

The sequencing of the project is to be co-ordinated in such a way that the service will remain open for the duration of the build programme and other than a small closedown period to move from one building to another the operation of the service should remain ongoing.

The site sequencing will be as follows:

Phase 1 - New site under construction with the current site and car parking in operation. DC Car Park used as site compound (to be confirmed).

Phase 2 – New site opens, site compound is removed and current car park is kept in operation. Existing DC building is stripped and then demolished.

Phase 3 – The new site car park is built on the demolished DC site and opens for use.

Phase 4 – Current DC site is placed on the market and sold for the completion of the School Drive development works as part of the overall town centre project.

The indicative timeline for the project will be as follows; this is based on the RIBA design stages and the initial timings from the 2012 report.

June 2014 – Draft report presented to Overview and Scrutiny Task on Finish Group on Leisure Provision and feedback provided.

July 14 – Cabinet make recommendations to Full Council to confirm cost envelope and governance arrangement within this report.

July 14 - Full Council confirms cost envelope and report recommendations

July to Aug 14 – Land Purchase completed

Aug to Sept 14 - Procure Project Management & Design teams

Sept to Jan 15 - Commence RIBA design stages C to D (employers requirement, detailed design brief & design completed)

Jan to April 15 – Stage E (technical design) completed.

May 15 to Aug 15 – Product information produced (stage F)

Aug & Oct 15 - Commence Procurement and appoint contractor (stages G to H)

Nov 15 – Mobilisation (stage J)

Dec 15 to March 17 – Commence on site (stage K)

April 2017 onwards – Opening of the new site and Post Practical completion works (stage L)

April 17 onwards – Car park works commence & Land Sale progressed.

- 6.2 The above programme & phasing is indicative at this stage and subject to alteration as the project enters more detailed planning stages.

Once this is confirmed the MTFP will be adjusted to reflect the draw down times of each stage within the total project envelope to ensure that capital programme is as robust as possible.

However the need to maintain the service will be a key consideration in any decisions made relating to the programme and phasings. Any significant changes will be communicated as appropriate.

- 6.3 As Members will be aware from earlier in the report, there will be an impact on some users when moving to the new facility as the current facility mix does not include a Sports Hall.

Officers have reviewed the current Sports Hall programme and can confirm that there will be displacement of those users who mainly play badminton, use the full hall to play team sports and dry side children's parties. .

Based on January to March 2014 figures this equates to an average of 41 bookings and/or approximately 769 users per week. Sport England's facility planning model (2009 & 2014) states that there is sufficient space within other sports halls across the district to accommodate these usages. However the report does go on to say that some of this capacity would need to be made available through conversations with local providers to establish greater Community Use.

All other bookings are expected to be relocated into the proposed dance studio provision with no impact upon their bookings at this stage.

Officers will also as part of the project look at options to create a dual use/community use arrangement with BAM to access the school sports hall at North Bromsgrove High School at key times through the week.

This could facilitate the continued usage of many these bookings and maintain pay and play access for residents based on the current usage patterns. This would mean that 3 bookings per week and 132 users

would need relocating. However it is worth noting that within these figures that 1 booking per week with 30 users would likely have left the site but the time it opens as they are football based and the 3G surface will be available by then at South Bromsgrove High School.

This would however be subject to a formal agreement being made and assigned to the sites operator moving forward and should be taken as confirmed at this moment in time.

Currently the capital costs of developing this option are unknown and not within the overall cost envelope. Officers will review external funding opportunities to identify potential grant funding bodies that can assist in this matter and make submission as required during the project.

- 6.4 The final impact on customers will be the need to host external swimming galas away from the new Dolphin Centre as outlined in previous sections. This is not seen as a major concern given that only two galas were held on site in 2013 and there is access for this provision at other pools in the locality.

7. **Customer / Equalities and Diversity Implications**

- 7.1 There are no direct customer, equality or diversity implications contained within this report as the new site will be an enhancement to the current provision at the Dolphin Centre with conformity to all relevant legislation.

The site will be designed and equipped to a higher standard than the Disabled Discrimination Act 2004/Equality Act 2010 requirements and the current building regulations.

Examples of where the site will exceed these requirements and be based on best practice for the leisure industry include the following:-

- Installations of a motorised platform lift and walk in access stairs into the main pool.
- Moveable pool floor in the small pool to increase the useable space and offer increased temperatures to this area for hydro therapy sessions.
- Ensuring all wet activities are accessed at ground floor level and that all ancillary facilities are easily accessible and accessed with minimal disruption.
- “Changing places style” wet changing and toilet room.

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- IFI based fitness equipment to increase wheelchair user accessibility.
 - Overall layout based on minimising transitions and distances providing direct transfers routes between areas including limiting internal doorways and stair wells.
 - Oversized doorways included to provide access for sport and motorised wheelchairs.
 - Revised car parking layout to support access arrangements with a focus on group booking/usages that require minibus parking.
 - Increased storage provision in circulation spaces designed to support wheelchair users whilst at the centre.

7.2 In order to ensure that these design concepts enhance the user's experience we will work with the Disabled User Group to understand the practical aspects of design and these outcomes will feed into the employer's requirements that will be prepared.

8. RISK MANAGEMENT

8.1 The main risks associated with a project of this nature are summarised below:

- Any initial set up expenditure incurred in relation to this scheme will be classed as abortive if the scheme does not progress to the construction stages. These costs would need to be met from revenue funding and would place an unavoidable pressure on the MTFP.
- The Council will need to ensure that the facility mix agreed within this report is realistic and understood by all interested parties to ensure that expectations are managed and that the agreed budget is not placed under additional pressure due to expectations rising.
- That all risks associated with the sites ground conditions are assessed and understood in detail as part of the design stage D to ensure that cost risks are proactively managed and removed from the project.
- The current site may need additional works during this period to maintain operation which may require a temporary close down of service and/or in worst case scenario a partial or full close down of service could be required.

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- Planning considerations - Although the scheme has been reviewed favourably against current planning policy within the stages A and B, it would still be required to be considered by the planning authority for formal review and approval.
 - Procurement routes relating to project management, design, construction and whole life costs can create some risks in large construction contracts when endeavouring to balance the cost of the project with the overall quality of design. The Council will follow the well-established route of appointing its own project team to oversee the detailed design development, technical design and fit out specifications that will form the tender documents/employer requirements.

Once a preferred contractor is appointed (including prequalify questionnaire – PPQ stage) we will then novate the design team to the contractor and appoint on an amended JCT contract for design and build contracts. This will ensure the council only has to manage one relationship moving forward and that any issues relating to performance are managed effectively, whilst giving the Council the ability to rectify issues itself and deduct costs in worst case scenarios.

- There is a risk that as the construction market starts to pick up, that the costs may rise, leading to increased tenders. The rates currently applied in the business case are based on current market rates which although stable at present, may change as the project progresses. An allocation of 5.5% of total project cost has been built into the MTFP to mitigate against this and other risks identified. Officers are also working with colleagues from Sport England to access support and guidance in these areas.
- Within the overall business case there is an assumption that the enabling land will be worth £1.8 million based on the District Valuers report and discussions. Should this figure not be achieved officer will request additional funds from balances.
- The Council has received VAT advice with regard to reclaiming the VAT on the build cost of the new site from a leading authority in this area. Based on the advice received, provided that we continue to operate the new service in line with the current operating model and established legal framework there is no identified risk in this area.
- The revenue projections are based upon a trust based model and at this stage they are subject to a formal agreement being made and provider appointed. Until the provider is appointed the revenue model, legal framework and operating principles cannot be confirmed and must be treated as indicative. However recent

examples of such projects have shown that these models are proving to be very successful and achieving zero subsidy from the Council.

- 8.2 As part of the project development the Council will produce a detailed risk register and performance specification to ensure that the project delivers BDC expectations within the agreed budget.

Once established these will be built into the corporate risk register to ensure ongoing monitoring of the risks identified.

- 8.3 The Council will only formally commit (contracts signed) to the project once acceptable tenders are received that are within budget and meet all tender documents. There is however a potential reputational risk with this approach should BDC not progress to the final construction phases.

9. APPENDICES

None

10. BACKGROUND PAPERS

Dolphin Centre Cabinet Report - 2nd July 2008

Dolphin Centre Structural Survey Summary – 2008

Capita Symonds report on Review of Leisure Centre Provision in Bromsgrove May 2012;

The Sports Consultancy report on Reduced Costs Options, September 2013

Sport England Facility Planning Model for Sports Hall – BDC 2014.

11. KEY

MTFP – Medium Term Financial Plan

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