

**Dolphin Centre Replacement – Sport England Grant Funding & Project Update**

Relevant Portfolio Holder	Cllr Rod Laight Cllr Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	John Godwin
Wards Affected	All
Ward Councillor Consulted	Yes

**1. SUMMARY OF PROPOSALS**

The report outlines the progress that has been made with the replacement for the Dolphin Centre and provides an overview of the funding offer that has been successfully achieved from Sport England.

**2. RECOMMENDATIONS**

**2.1 The Cabinet is asked to RECOMMEND to the Council that:**

2.1.1 That the funding offer from Sport England of £1.5m be approved and the capital programme for the replacement leisure centre be increased by £1.5million to £13 million;

2.1.2 That the revised facility mix for the centre is noted and endorsed, based upon the increased funding available, as outlined in section 3.6 of this report.

2.1.3 That authority be delegated to the Heads of Legal & Democratic and Leisure & Cultural Services to enter into the required Lottery Funding Agreement (LFA) in order to draw down the funding from Sport England and that any performance criteria stipulated is passed on to the sites future operator.

**3. KEY ISSUES**

**Background**

3.1 As members will be aware in July 2014 the Council agreed to replace the ageing facilities at the Dolphin Centre with a new site to be built on School Drive.

3.2 The parameters for the project were agreed at the same time, including location, facility mix/design and overall cost envelope. The report to Cabinet and Council also requested that Officers investigate external funding sources that could be used to overcome the potential budget shortfall and the range and diversity of the agreed facility over and

above the prudential borrowing position that could be achieved by the Council.

3.3 Over the past 12 months officers have completed a number of tasks associated with the project including procurement of the design team, purchase of the new site, demolition and remediation of the site and the re-grading and installation of retaining walls to make the site ready for development.

3.4 Officers have also as part of the Solicited Bid Process for Sport England been working with colleagues on the design of the new leisure centre for the past 12 months and submitted a funding bid in November 2015.

In order to achieve a successful funding bid, it has been necessary to design the replacement centre based on the key assumption that the funding would be available to provide an enhanced offer to residents.

As part of these discussions an indicative funding proposal of £1.5million was agreed to be realistic and the overall project planning has assumed a £13million budget based on a successful application.

3.5 Members will have seen through the recent consultation exercise (October 2015) and planning application process a set of drawings based upon the above principles and cost envelope.

These plans are enhanced and show additional facilities to those agreed by members in July 2014. Should the funding application have been unsuccessful these plans would have needed to be pared back to the original facility mix approved by members to meet the agreed budget.

3.6 The table below shows the agreed facility mix from July 2014 and the revised one that has been submitted to and supported by Sport England. :

<b>Agreed Facility Mix - £11.5 million</b>	<b>Proposed Facility Mix - £13 million</b>
Main Pool - 25 by 13 meter (6 lanes) with 100 spectator seats	Main Pool - 25 by 13 meter (6 lanes) with up to 110 spectator seats. Gala seating is designed at 132 seats based on the use of additional temporary seating.
Learner Pool - 12 by 8 meters with moveable floor	Learner Pool - 15 by 10 meters with moveable floor

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Dance studio – 2 spaces for up to 60 people	Dance studio – 2 spaces for up to 60 people
	Dance Studio/Multifunctional Space Inc. Holistic Classes – 22 people
Fitness Suite – 80 stations with functional training spaces	Fitness Suite – 100 stations with functional training spaces and dedicated changing accommodation.
Spinning studio - for up to 25 people	Group Cycling studio - for up to 25 people and virtual class system.
SPA facilities and treatment rooms - Sauna, Steam Room & Jacuzzi	SPA facilities and treatment rooms - Sauna, Steam Room & Jacuzzi and dedicated reception.
-	Click and Climb – Climbing facilities based on 16 climbing runs and auto belay system.
-	Access and Egress to North Bromsgrove High School.
Ancillary facilities includes car park at 200 spaces	Ancillary facilities includes car park at 198 spaces, dedicated motor cycle bays and coach drop off points.

3.7 It was confirmed to officers on the 15<sup>th</sup> December 2015 that our submission had been successful and that Sport England will be supporting our project with a grant of £1.5 million. The offer is conditional and is subject to member approval. The contract conditions are shown in sections 3.17 and 3.18 of this report.

3.8 Clearly the proposed facility mix is an improvement on what was previously affordable under the prudential borrowing route and includes some facilities that were previously precluded on the grounds of viability.

The inclusion of additional facilities will marginally improve the business case that was previously presented to members but not to an

extent where additional facilities can be funded over and above those shown above.

The project team have also rerun the cost modelling as part of the RIBA Design Stage 2 gateway report to ensure that we had a robust cost model, a sustainable site and could be confident that the figures projected would meet with Sport England's approval following an in depth review and appraisal.

3.9 Furthermore, to ensure that the assumptions made within the business case were and remain robust, we undertook a consultation exercise to soft market test the model with 12 of the leading leisure providers in the country to take views on:

- The current layouts & designs.
- Cost projections and business plan assumptions.
- Lease Arrangements.
- Future model of delivery options.

This exercise has proved very useful and has confirmed that the proposed site, facility mix and business case assumptions are robust and will provide a long term sustainable leisure centre that meets prudential borrowing requirements and more importantly the needs of local residents in the majority of cases.

3.10 In line with the previous report's recommendations and those from the Overview and Scrutiny Committee approved by Cabinet in November 2014, officers have entered into detailed negotiations with BAM FM relating to the use of the Sports Hall, Gymnasium and ancillary facilities at North Bromsgrove High School.

Both the School and BAM have been very supportive of the proposal and the access/egress route to the adjoining site has been included within the new centres cost plan and within our planning application.

The current position with regard to these negotiations is that we have now agreed the Heads of Terms of the Agreement and are in the process of finalising the detailed clauses that will form the contract.

Officers are meeting again with BAM in late December and a verbal update will be provided at this meeting to overview the latest position.

- 3.11 As members will be aware the application for the new Bromsgrove Sports and Leisure Centre was heard by the planning committee in December 2015 and approved with a limited number of conditions.
- 3.12 As part of the project the Council has undertaken a two stage open procurement process and is now working with our preferred contractor to agree a final contract sum for the construction works based on the final employers requirements being agreed.

This work commenced in December 2015 and it is anticipated that the final contracts will be completed in April 2016 with works commencing on site in May 2016.

At this point there are no concerns with regard to the available budget to complete the works as the contractor has confirmed that subject to final design that the building will delivered within the available budget.

With regard to the planning conditions imposed these are now being discharged whilst the detailed design is completed with our preferred contractor and they are not expected to increase the overall project costs.

As such no further scheduled reports will be required on this matter. However as per the original approval report the Portfolio Holder for Leisure and Cultural Services will provide verbal updates at key milestones through the project.

- 3.13 With regard to the overall programme the project is scheduled for completion in August 2017 with an indicative opening in September 2017.

Works will then continue on site relating to the demolition of the current Dolphin Centre, completion of the car parking works and marketing & sale of the enabling land.

The above phasing is in line with the original report and it is anticipated at this point that the demolition and car park work will be completed by December 2017. However the above dates are subject to final agreement with the preferred contractor and officers can confirm that all costs for this work are within the main contract sum.

**Financial Implications**

- 3.14 As members will be aware the budget set and included within the forward capital programme for the replacement of the Dolphin Centre was £11.4 million and it was proposed that the Head of Service

continues to source external funding opportunities to deliver the £100k remaining from the total project cost of £11.5 million.

- 3.15 Through working with Sport England officers have successfully secured grant funding of £1.5million subject to signing the LFA to meet the requirement shown above and to secure additional facilities as highlighted in section 3.6.
- 3.16 As such the revised project costs for the new leisure centre are £13 million made up as per the July 2014 report and the extra funding from Sport England.

**Legal Implications**

- 3.17 In order to draw down the funding from Sport England (SE) the Council will be expected to enter into a standard Lottery Funding Agreement and to register a restriction on title for the leisure centre site in SE favour for a period of 25 years.

These matters will be addressed through the Council's legal team, however these are standard documents that are used across the country and they are not expected to cause any issues for BDC and/or prevent us from entering into them. However it should be noted that there is only limited ability to negotiate on these clauses as 95% of these are fixed within the agreement.

- 3.18 We will also be expected to enter into the Quest Quality Assurance model to ensure that a continuous improvement tool is used to enhance provision for residents, ensure facilities are well maintained and operated to a high standard.

There will also be a need to produce a set of key performance measures to demonstrate the benefit of the investment to the funding body the National Lottery and potentially enter into the National Benchmarking Service (NBS) process.

These requirements will be transferred to the new leisure operator when procured and built into the operating agreements. This will ensure that the new operator's performance is closely monitored and does not impact on the positive working relationship we have with Sport England.

Members should also note that all of these requirements are already in place for the current centre contract management structure with the exception of the NBS and as such are not considered to be onerous or unreasonable in any way.

- 3.19 Finally, Members should be aware that as the project has developed we have revised the type of contract that was originally proposed in section 5.1 of the July 2014 report, for the construction elements of this scheme.

It had been stated previously that we would use an amended JCT contract however we will now be using NEC contract following a review with our legal advisors and project management team.

For a number of reasons this was felt to be more appropriate to the scheme as it would create a better fit with the Council's Objectives, allow greater control on cost and programme during the works and ensure that the practical completion and final account process is managed proactively, avoiding undue delays.

**Service / Operational Implications**

- 3.20 There are no direct service/operational implications contained within this report over and above those shown previously and the benefits that the additional funding will bring as per the back ground section above.

**Customer / Equalities and Diversity Implications**

- 3.21 There are no direct Customer, Equality or Diversity Implications contained within this report. However the examples provided in the initial report have all been designed into the final layouts to ensure the services on site are as diverse and user friendly as possible.

**4. RISK MANAGEMENT**

There are no direct risks associated with this report over and above those contained within the initial information provided to members. As the construction phase develops a construction risk register will be created to supersede the design risk register that is currently in use.

**5. APPENDICES**

None

**6. BACKGROUND PAPERS**

Dolphin Centre Replacement Report – 2<sup>nd</sup> July 2014

**7. KEY**

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**Cabinet**

**6<sup>th</sup> January 2016**

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**AUTHOR OF REPORT**

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