

Bromsgrove Sport & Leisure Centre – Sports Hall Options Appraisal

Relevant Portfolio Holder	Cllr Peter Whittaker Cllr Brian Cooper
Portfolio Holders Consulted	Yes
Relevant Head of Service	Head of Leisure & Cultural Services
Wards Affected	All
Ward Councillor Consulted	No

1. SUMMARY OF PROPOSALS

The report overviews the feasibility study that has been undertaken on behalf of the Council to determine the potential to either refurbish or construct a new sports hall and ancillary facilities on School Drive, Bromsgrove as part of the Bromsgrove Sport & Leisure (BSLC) site.

The report also confirms the costs associated with the completion of the Phase 2 (demolition) and Phase 3 works (car parking) that are required to complete the works approved by the Council in its 1st June 2015 Dolphin Centre Replacement – Financial Update report.

2. RECOMMENDATIONS

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

2.1.1 That the preferred option of the Cabinet is approved.

2.1.2 That the Capital Programme for 2018/19 be increased by £180k in order to progress the preferred option up to Royal Institute of British Architects (RIBA) Stage 4 so a decision can be made with regard to the sports hall provision at the Full Council meeting on 21st November 2018.

Or;

2.1.3 The Capital Programme for 2018/19 be increased to meet the expected costs of the preferred option agreed at 2.1.1 and that work commences on the project.

Or;

2.1.4 That capital funding of £600k is released from balances in 2018/19 to complete the Phase 2 and 3 works associated with the project should none of the options be selected for progression.

3. 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. As part of the report the Council commissioned Sport England to undertake a number of modelling runs of its Facility Planning Model which alongside the Council's prudential borrowing predictions informed and underpinned the approved facility mix for the new site.

- 3.2 In January 2016 following a successful funding application to Sport England Members approved an increase of £1.5m in the overall capital budget available to provide additional facilities for local residents.
- 3.3 In June 2016 following the procurement of the preferred contractors and the submission of final prices the Council agreed to enter into a contract for the replacement of the site with a total project cost of £13.7m.
- 3.4 As part of the agreement in July 2014 officers were asked to progress discussions with BAM FM, Worcestershire County Council and North Bromsgrove High School as follows:

“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”.

- 3.5 As reported to Members on a number of occasions initial discussions with the above parties were positive, an outline agreement was reached that met the operational and financial needs of all parties and this was confirmed in an agreed Heads of Terms Documents.
- 3.6 The key factor within the agreement was that the Council would be able to make the facilities available to residents through its leisure operator on a peak hours and weekend basis for 48 weeks of the year to ensure continuity of usage.

The heads of terms that were agreed in principle also ensured that this was at a cost that would not impact upon the viability of the business model proposed by the operators or the Council’s Medium Term Financial Plan.

- 3.7 Although progress with completing the contractual agreements was slower than the Council would have ideally liked, the contractual documents were progressed and were close to the point where they were due for signing. However in the later stages of the process and the construction programme for the new site the Council were notified by BAM FM that the approach to the exam periods had altered and the site could only be offered to BDC for 38 weeks per annum.
- 3.8 Clearly, this changed the position with regard to the access agreement considerably as we would no longer be able to offer consistent usage/bookings to residents and this in turn would impact upon the financial viability of the facilities.
- 3.9 Officers have met with BAM representatives to discuss this matter in considerable depth, the position as outlined above has been confirmed as the basis of the contractual offer.

Officers have continued to negotiate with BAM FM to ensure delivery of the access to the sports hall as it is considered this will be a beneficial facility despite the reduction in availability.

At the time of writing this report the revised heads of terms have been submitted to BAM FM's legal team and we await final confirmation on a limited number of items including when the access arrangement can be confirmed and the site used.

3.10 Based upon the change of position Members requested that officers commission an options appraisal to look at the feasibility of developing a dedicated sports hall offer on site. The report was required to:

- Investigate the potential to develop a 4 Court Sports Hall and Ancillary Facilities and the construction methods that could be used on the School Drive site to deliver this.
- Ensure the design is Sport England compliant and meets their design guide requirements.
- Create a Unique Selling Point (USP) to support the Economic aspirations of the Council for the Town Centre.
- Create Added Value to ensure it is affordable under prudential borrowing requirements.
- Establish the high level expected financial position that the scheme could realise to fund the capital investment.
- Establish indicative timelines to deliver the project based on the options established.

3.11 The detailed report can be found at Appendix 1 and is based upon the following options:

Option	Description	Comment
1	Existing Sports Hall Refurbishment & New Changing Pavilion.	Refurb of current site but maintain steel frame and flooring.
1a	Existing Sports Hall, New Changing Pavilion & Soft Play.	Added value based on Soft Play/Tag Active offer. Indirect Access Created.
2	New Build Sports Hall & Changing Pavilion at front.	Building adjacent to new site. Direct Access created.
3	New Build Sports Hall & Changing Pavilion at Rear.	Building adjacent to new site. Indirect access created.
4	New Modular Build Sports Hall & Changing Pavilion.	Building adjacent to new site. Indirect access created.
4a	New Modular Build Sports Hall, Changing Pavilion and	Building adjacent to new site. Indirect access created.

	Soft Play.	Added Value included based on soft play/Tag Active.
5	New Build Sports Hall, Changing Pavilion at front and Soft Play. <i>This is based upon Option 2.</i>	Building adjacent to new site. Direct Access created. Added Value included based on soft play/Tag Active.

NB – Option 3 was not progressed to include the enhanced offer as it was considered to be a less desirable design than Option 2 due to the added value aspects being located at the rear of the building.

3.12 Members will see that the report on Page 10 clearly demonstrates that the site at School Drive can accommodate the proposed options. This will be achieved by redesigning the current/approved car park layout and by using additional land that was identified for disposal in the July 2014 committee report. There is a potential that this will impact upon the value of the land that the Council expected, however the full impact will not be known until detailed designs are undertaken, views sought from planners and additional site surveys undertaken.

3.13 The initial report has been reviewed by Sport England and it has been confirmed that they are satisfied that the detail is sufficient to move to the next stage of the project and that options put forward will meet their requirements at this point. Clearly as the project is developed further, conversations will be required to ensure that the detailed design that is developed maintains this position.

Members should also note that following the notification to the council with regard to the loss of access officers have liaised with colleagues at Sport England and reviewed the position to ensure that the information used in any subsequent report remains up to date and valid.

It has been confirmed that no additional runs of the FPM are required as there have been no substantial changes within the local areas that would impact upon the data sets used in the original modelling and its outturn.

3.14 Within the appraisal and as shown in the table at 3.11 above the options at 1a, 4a and 5 contain the Soft Play elements designed to create the USP and to offer the greatest return to the Council to support/meet the prudential borrowing requirements.

Following a high level review of the options available and discussions with the current operator this was felt to be the most suitable offering to the local market based on levels of competition, cost of investment and available space.

This information is shown in more detail in Section 2 and Section 4 of the appraisal.

3.15 Due to the different lead in times and construction methods put forward the duration of the works would vary across the options. Full details can be found at Section 5 but the headline completion dates are as follows:

- Option 1 & 1a – October 2019
- Option 2, 3 & 5 – August 2019
- Option 4 & 4a – July 2019

3.16 The above dates would be subject to final confirmation as part of any procurement process and could be subject to change due to a number of factors including the point when the formal decision is made, weather and ground conditions, supplier lead in times and the need to achieve planning consent for the new scheme.

3.17 As Members may be aware the Royal Institute of British Architects (RIBA) have for a number of years produced a “Plan of Work” that is seen as industry best practice to ensure that the 3 key aspects of a construction project (Cost, Time & Quality) are understood and managed effectively. The full detail of this can be seen in the appendix of the Options Appraisal and this has been the basis of the next steps approach shown at Section 5.

3.18 In order to ensure that the Council is in a position to move forward with the proposal, officers would recommend that if required we reappoint MACE consultancy under the NHS Shared Business Services Construction Consultancy Services Framework Agreement to take the project from current options appraisal to RIBA Stage 4 Completion of Detailed and Technical Design including a detailed review of revenue implications and procurement exercise to establish definitive costs.

This is the basis of recommendation 2.1.1 and by doing so the Council would have certainty around the cost of the works proposed, timescale for completion, detailed understanding on the prudential borrowing position and clarity of the affordability of the proposed works.

It is anticipated that this work would be completed in order for a formal position to be agreed in November 2018 and that report could act as a gateway for the latter stages of the project.

3.19 Alternatively Members could, as outlined in recommendation 2.1.3, move to a position where the scheme moves forward on the basis of the preferred option and the costs contained within the feasibility study. In this circumstance no further reports would be brought back to Council unless the procurement exercise determines that the outlined budget projections were insufficient.

4. Financial Implications

4.1 In order to progress the scheme to RIBA Stage 4 and conclude the two stage NEC design and build tender process, the Council would need to commit to spending **£180k**. Members should note that these costs are within the overall

costings put forward and would form part of the overall capital project costs should the scheme be approved. However should the scheme not be progressed these would be classed as abortive costs and they would need to be funded from revenue balances.

- 4.2 As covered in Section 4 of the Options Appraisal the full costings for the proposed options can be seen. The options have been based upon metre square construction rates, professional fees and contingency percentages and inflation costs based on the indicative programme. At present costs range from **£2.995 million** through to **£4.735 million** dependent upon the size, location and construction methodology.
- 4.3 Within the above fees Members will note that the cost of car parking has been omitted, this is due to the fact that the proposed car parking will be as per the original scheme which is felt to be sufficiently large enough to cope with the increased usage a sports hall provision would bring. The cost (see 4.7 below) for these elements is shown under committed client costs as this work will be required outside of the final decision made relating to the Sports Hall in order to complete the project.
- 4.4 Members should also note that in the original business case for the BSLC site we had expected to receive **£1.8 million** of income from the sale of land on School Drive. Dependent upon the preferred option selected and its impact on the existing car park layout there would be a reduction in the land available for sale. As per Section 3.12 this position cannot be confirmed until the final design is developed. Any reduction in expected funding will be considered within a future committee report, however it is anticipated that the growth in commercial land values in the past 4 years will offset some or all of this potential loss.
- 4.5 The options appraisal at Section 6 provides an overview of the income potential for the new facilities that are proposed. It should be noted that these have not yet been market tested and/or agreed with the Council's leisure operator. As such they should be considered as indicative at this stage and that they will require further review should the project progress.

However the information provided does give a guide to the level of prudential borrowing that could be achieved from the additional facilities. Based on the maximum revenue projection being achieved of **£70k** per annum the Council could borrow up to **£1.9 million** to fund the project.

- 4.6 This would leave a funding shortfall of between **£1.95 million** and **£2.835 million** that would need to be found from alternative means should Members wish to progress with the project.

The Council currently has £600k of capital receipts, £4m of balances and there may be an opportunity to secure prudential borrowing based on future income streams from the BSLC facility.

It is proposed that officers undertake a more detailed review of the associated funding opportunities once a decision is made on the preferred option and the Cabinet recommendation is known.

- 4.7 Should the option be approved that no sports hall is provided the Council will return to its previously agreed scheme and continue to secure the reduced availability at NBHS Sports Hall.

The demolition of the current Dolphin Centre and implementation of additional car parking will be undertaken and an increase in the capital programme of **£600k** is recommended to complete the works.

5. Legal Implications

- 5.1 There are no direct legal implications contained within this report as it is assumed that the construction contracts that will be used within the proposal will follow the same route as the current BSLC project as per the Committee Reports of July 2014 and January 2016.

- 5.2 As part of the preferred operating model works highlighted below, officers will also review the contractual position that is in place between the Council and the leisure operator to determine what (if any) obligations exist from increasing the range of services on and if the current operator would have a legal right to run these services on the Councils behalf.

6. Service / Operational Implications

- 6.1 There are no direct service/operational implications contained within this report. However it should be noted that the cost associated with implementation of an alternative operator within a standalone site will be considerably higher than those associated with utilising the existing operator structure and as such this will impact upon the prudential borrowing position and the overall affordability of the scheme.

7. Customer / Equalities and Diversity Implications

- 7.1 There are no direct Customer, Equality or Diversity Implications contained within this report.

8. Risk Management

- 8.1 There are no direct risks associated with this report over and above the risk of abortive costs that have been covered in the finance section.
- 8.2 Dependent upon the recommendation that is made, should the project be progressed to design and procurement and/or a construction phase a risk register will be created to reflect the approach being taken.

9. Appendices

Appendix 1 – Bromsgrove Sports and Leisure Centre - Sports Hall Options Appraisal March 2018.

10. Background Papers

Dolphin Centre Replacement Report – 2nd July 2014
Dolphin Centre Replacement Report – 6th January 2016
Dolphin Centre Replacement Report – 1st June 2016

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