

Report To: **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

Date: 10 July 2017

Executive Member Damien Bourke – Assistant Executive Director, Development, Growth and Investment

Subject: **ACTIVE TAMESIDE - CAPITAL INVESTMENT PROGRAMME UPDATE**

Report Summary: This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme to improve sports and leisure facilities approved by Executive Cabinet in March 2016. In addition, this report seeks support for the approval for a revised budget of £3.096 million for the extension of Active Hyde and the award of a contract as outlined in section 3 of this report.

Recommendations: That Strategic Planning and Capital Monitoring Panel :

- (a) notes the content of this report;
- (b) supports and recommends to Executive Cabinet the approval of an additional £1.096m to the previously approved budget of £2.0 million for the Active Hyde scheme;
- (c) recommends to Executive Cabinet that a permanent financing arrangement for this additional cost be explored and reported back as part of the capital investment programme review which is due in September.

Links to Community Strategy: The Community Strategy 2012-22 (and the Corporate Plan 2013-18) outlines the priorities for improving the Borough of Tameside.

This proposal directly links to the Tameside Sustainable Community Strategy objective of 'Healthy Tameside'.

Policy Implications: This proposal supports the Tameside Health and Wellbeing Strategy and, specifically the strategic priority pertaining to reducing physical inactivity and improved physical activity levels across Tameside.

Financial Implications: The Executive Cabinet approved a £20 million leisure facility investment budget on 24 March 2016 which included £2 million for the Active Hyde pool extension scheme. The revised cost for the scheme is £3.096 million, an increase of £1.096 million.

(Authorised by the Section 151 Officer)

Discussions are ongoing with Sport England about potential grant funding of approximately £1.5 million towards the Denton Wellness Centre project which should clearly be progressed. In order to stay within the overall cost envelope of £20 million for all facilities, officers are exploring whether some of the potential grant can be used to free up the Council's original planned investment at Denton, which can

then to be utilised for Active Hyde so that the overall investment in facilities is not compromised as a result of the increased costs that have now become evident.

The outcome of these discussions are not yet known and therefore Elected Members should acknowledge that the additional investment of £1.096 million required for Active Hyde will become an initial priority resource requirement and the implications of this would have to be considered in the capital investment programme update in September.

Legal Implications:
(Authorised by the Borough Solicitor)

Officers need to ensure that through robust project management techniques the project referred to in the report is delivered within the available budget and time frame. Clearly any variations over £100k will need clear and transparent governance.

Officers need to ensure that they comply with the Council's existing procurement framework, making use of the LEP where appropriate. Members should note that the Active Hyde pool project has been tendered to third party contractors.

Risk Management:

Risk management is considered in section 4 of this report.

Access to Information:

The background papers can be obtained from the author of the report, Ade Alao, Head of Investment and Development, by:



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1. INTRODUCTION

- 1.1 This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme to improve sports and leisure facilities approved by Executive Cabinet in March 2016. The £20m investment programme will provide high quality sports and leisure facilities creating a platform to reduce physical inactivity and supporting the development of a sustainable funding model for Active Tameside.
- 1.2 In addition, the report seeks approval for a revised budget of £3,096,000 for the extension of Active Hyde and the award of a contract as outlined in section 3 of this report.
- 1.3 Additional benefits from the programme include a reduction in dependence on other Council and health services, increased participation in community life and improved quality of life for all residents including the most vulnerable.
- 1.4 Once implemented in full, the proposals will enable revenue investment in Active Tameside to be reduced from £1.865 million in 2015/16 to £0.715 million by 2019/20 (a reduction of £1.150 million or 62%), and to £0.441 million by the end of the contract in 2023/24 (a reduction of £1.424 million or 76%).
- 1.5 Approval for any capital re-phasing highlighted in this report will be dealt with in the Capital Monitoring Report – Quarter 1 (2017/18).

2. CAPITAL INVESTMENT PROGRAMME UPDATE

- 2.1 The investment programme is comprised of a number of individual projects;
- 2.2 **Active Copley Heating System Replacement (£0.369m)** - The heating system installation at Active Copley has been completed and is now fully operational.
- 2.3 **Active Copley Pitch Replacement (£0.177m)** - The synthetic turf pitch installation at Active Copley has been completed. The pitches are now fully operational.
- 2.4 **Active Medlock Roof Replacement (£0.120m)** - The roof replacement scheme has been completed.
- 2.5 **Active Hyde Pool Extension (£2m)** – The progress update for the Active Hyde pool extension is set out in section 3 of this report.
- 2.6 **Active Hyde Wave Machine Replacement (£0.060m)** - The Wave Machine installation at Active Hyde will require a two-week partial facility closure due to the need to drain the pool tank to facilitate the installation. With Active Hyde also needing to close for a week to integrate the new pool extension, it is proposed to carry out the works simultaneously thereby minimising service disruption to customers. It is anticipated that the fitness suite and spa will remain open throughout.
- 2.7 **New Denton Wellness Centre (£14.7m)** – The Denton Wellness Centre scheme is progressing based on the Council Key Decision of 27 April 2017. Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the project.
- 2.8 **Active Dukinfield (iTRAIN) (£2.3m)** - The Active Dukinfield (iTRAIN) development is now complete and the facility is fully operational.
- 2.9 **Active Longdendale (Total Adrenaline) (£0.600m)** - The new play centre (Total Adrenaline) opened to the public on 19 November 2016.

2.10 Overall, good progress is being maintained with the delivery of the Council's capital investment programme to improve sports and leisure facilities.

3. ACTIVE HYDE SCHEME

3.1 In March 2016, Executive Cabinet approved a recommendation to add a conventional swimming pool facility as an extension to existing facilities at the current Active Hyde site.

3.2 At the time the projected cost to progress the scheme was £2.0m and approval formed part of the £20m investment programme.

3.3 The proposed facility comprises:

- 25m x 6 lane swimming pool designed to Sport England specifications
- Cubicle changing accommodation, group changing rooms for schools and a "changing places" room for individuals with special needs
- Spectator seating.

3.4 The pool extension, which has full planning permission, will be serviced by the existing Active Hyde car park, entrance and reception desk along with catering and other ancillary facilities.

3.5 The cost of the scheme has increased significantly from that estimated in the March 2016 Executive Cabinet Report. The original budget estimate for the scheme was based on limited building survey information which made a number of assumptions about the feasibility of extending the existing mechanical, electrical and pool filtration systems at the existing facility. When establishing the likely cost of the scheme it was envisaged that much of the existing mechanical, electrical and pool filtration infrastructure could be adapted to support the new conventional pool installation keeping costs to a minimum. Extensive surveys of the existing systems, commissioned since the Executive Cabinet report, have confirmed that services cannot be integrated as planned due to positioning, capacity and condition issues. This has directly resulted in a cost increase of £1,096,000.

3.6 Invitations to tender were issued to 4 specialist contractors resulting in the return of 3 competitive tenders. The tenders were scored using the following criteria; 60% price and 40% quality.

3.7 Table 1 provides a breakdown of the total project cost for the best value tender:

Table 1

Work Element	Tender Cost (£)
Main Build	2,495,117
Prelims, OH&P, provisional sums	358,681
Contingency	30,000 (+25,000 including in main build cost)
Fees	212,202
Total Project cost	3,096,000

3.8 The financial implications of the additional funding requirement on the overall leisure investment programme are set out in table 2;

Table 2

Element	Original Budget £m	Actual Budget £m	Status
Redevelopment of Active Dukinfield (ITRAIN)	2.300	2.300	Completed

Redevelopment of Active Longdendale (Total Adrenaline)	0.800	0.600	Completed – Active Tameside reduced their borrowing by 0.200m
Denton Wellness Centre	13.674 1.050	13.674 1.050	Governance in place to spend at this level. The value of the scheme could increase with a contribution from Sport England.
Active Medlock - New Roof	0.120	0.120	Complete
Active Copley – New Heating System	0.219	0.219	Complete
Active Hyde Wave Machine replacement	0.060	0.060	To be installed this year. The Council is responsible for the replacement of major plant as required by the Lease.
Active Copley Pitch Replacement	0.177	0.177	Completed
Active Hyde Pool Extension	2.000	3.096	Pending
Total capital budget requirement	£20,400,000	£21,496,000	The actual budget figure includes a notional spend of 0.800m on the Active Longdendale Scheme.

3.9 There are no opportunities to reduce spend in other areas to account for the additional cost of the Hyde Scheme. In addition, Sport England has confirmed that the Active Hyde scheme is not eligible for Strategic Facilities funding and as such they will not be soliciting a funding bid from the Council for this element of the investment programme.

3.10 If approved, the project will be delivered in line with the programme shown in Table 3:

Table 3

Key Milestone	Target Date for Completion
Council approval to proceed	July 2017
Build start	August 2017
Build completion	April/May 2018
New facility open	May 2018

3.11 Table 4 sets out the options which have been considered for the Active Hyde scheme. Options 1 and 2 have been rejected as they do not deliver the projects benefits identified in the report;

Table 4

Option	Reason
1. Do not progress with the scheme	The project is an essential element of the Tameside swimming pool rationalisation programme which includes the redevelopment of Active Dukinfield into a 24/7 fitness centre. £0.140m has been expended on design fees. This will be

	<p>an abortive cost if the scheme does not progress beyond this point.</p> <p>The management fee paid to Active Tameside is being reduced to take account of the income generated by the addition of a pool at Active Hyde. The reduction in the management fee would need to be re-profiled resulting in additional costs to the Council.</p> <p>The health outcomes projected for the scheme will not be delivered leading to a negative impact on health improvement targets.</p> <p>The Council may suffer reputational damage if the scheme does not go ahead. Specifically from swimming and other aquatic clubs displaced from Active Dukinfield.</p>
<p>2. Redesign the scheme and reduce the pool size from 6 lanes to 4 lanes</p>	<p>This would result in a net loss of water space. In addition, much of the saving achieved by the reduction of two lanes would be taken up in additional design fees required to remodel the entire building.</p> <p>Remodelling the building would result in lengthy redesign period and a new planning application resulting in long delays.</p> <p>The management fee paid to Active Tameside is being reduced to take account of the income generated by the addition of a conventional pool at Active Hyde. A reduction in the number of available lanes would impact on Active Tameside's ability to generate the levels of income established in their original business plan.</p> <p>A reduced scheme would not meet the needs of local swimming clubs and could result in a negative reaction.</p>
<p>3. Progress with the scheme as designed</p>	<p>This is the preferred option - The pool has been designed to Sport England design standards.</p> <p>The design has been value engineered providing an economical design solution in terms of build cost and ongoing operation. There is no further scope for cost reduction other than reducing the specification as set out in Option 2.</p> <p>The scheme, as designed, will meet the needs of swimmers displaced due to the redevelopment of Active Dukinfield. The health outcomes projected for the scheme will be delivered.</p> <p>The scheme is ready to start on site with a short lead-in period.</p>

4. RISK MANAGEMENT

4.1 The major risks associated with all capital schemes include increasing costs and time delays occurring during the development and delivery phases. The Council continues to manage and monitor schemes using robust project management methodology and governance to mitigate these risks

4.2 The primary risks associated with the Active Hyde scheme if option 3 is not progressed are set out in table 5:

Table 5

Risk	Impact	Status
Financial	<p>A delay in the delivery of the scheme or a reduction in the specification will continue to impact on Active Tameside's business plan for the scheme resulting in a financial cost to the Council. This would be mitigated by delivering the scheme as planned.</p> <p>The price of the preferred tender is set until August when the current price offer expires. A delay in obtaining a decision could result in the preferred tender being repriced resulting in additional cost. It may be prudent to take an urgent Key Decision to adjust the capital programme rather than report the decision of SPCMP to Executive Cabinet in August.</p>	Red
Stakeholder	Not proceeding with the scheme or implementing a reduced scheme would not meet the needs of local swimming clubs and could result in a negative reaction from clubs.	Red
Economic	The intention is for the scheme to be delivered by a regional SME who intend to recruit local labour and use local sub-contractors. This opportunity will be lost if the scheme does not progress in line with Option 3.	Amber
Health	The redevelopment of Active Dukinfield and the displacement of swimmers from the facility is putting strain on the remaining water space managed by Active Tameside. This could result in a reduction in participation due to customer dissatisfaction. This could have a negative impact on health outcomes if the scheme does not progress as planned.	Amber

5. RECOMMENDATIONS

5.1 As detailed on the report cover.