

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

Date: 12 March 2018

Reporting Officer: Robin Monk – Director of Place.

Subject: **LEISURE ASSETS 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 on 24 March 2016.

Recommendations: That Strategic Planning and Capital Monitoring Panel NOTES the content of this report and the financial comments which set out a further report to Cabinet to increase the Capital funding for the schemes.

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 £20.4m leisure facility investment budget on 24 March 2016 which included £2m for the Active Hyde pool extension scheme. The revised cost for the scheme is £3.096m, which is an increase of £ 1.096m. The additional investment to finance the increase was approved by the Executive Cabinet on 30 August 2017.

(Authorised by the Section 151 Officer)

The 2017/18 period 10 capital monitoring report agenda item of this meeting is seeking approval for :

- 1) a budget re-phasing of £0.06m from 2017/18 to 2018/19 relating to the Active Hyde Wave machine.
- 2) a budget re-phasing of £1.830m from 2017/18 to 2018/19 relating to the Tameside Wellness Centre.
- 3) a budget re-phasing of £1.970m from 2017/18 to 2018/19 relating to the Active Hyde Pool Extension.

The supporting rationale for the budget re-phasing of the above three schemes budgets is included in the aforementioned report

Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the Tameside Wellness Centre project. The Stage 1 bid submission, which seeks a capital contribution of £1.5m, will be considered by a Sport England Panel on the 20 February 2018 and we await formal notification. Any funding provided

by Sport England will be used to enhance the scheme and will result in an increase in the overall value of the scheme in the capital programme.

Elected Members should note section 3 of the report. This explains there is a clear risk to both the Council and Active Tameside that delays to facility completion dates will impact on the opportunity for Active Tameside to realise the expected levels of additional revenue, which will subsequently enable the Council to reduce the level of annual revenue investment payable during the existing contract period. The context of the additional revenue that would not be realised for each month facility completion is delayed is an estimated sum of £35,000 for the Tameside Wellness Centre and an estimated sum of £6,000 for Hyde Pool.

Legal Implications:
**(Authorised by the Borough
Solicitor)**

The Council needs to promptly resolve the outstanding issues affecting Active Hyde Pool with the Tameside Investment Partnership as costs will only increase with delay. Close contract monitoring in relation to all leisure related investments remains a high priority to ensure the Council's resources are effectively focused on investment returns in a competitive environment.

Risk Management:

Risk management is considered in section 3 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 on 24 March 2016. The investment programme is now providing 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 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.
- 1.3 Once implemented in full, the proposals will enable revenue investment in Active Tameside to be reduced from £1.865 million in 2015/16 to £0.441 million by the end of the contract in 2023/24 (a reduction of £1.424 million or 76%).
- 1.4 The cost of the investment programme has increased by £1.096m in order to fund the budget shortfall for the swimming pool development at Active Hyde.
- 1.5 Approval for any capital re-phasing highlighted in this report will be dealt with in the Capital Monitoring Report which will be presented to the Executive Cabinet on 21 March 2018.

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 (£3.096m)** – A revised budget of £3,096m for the extension of Active Hyde was recommended for approval by Strategic Planning and Capital Monitoring Panel on 10 July 2017.
- 2.6 The draft contract with the preferred contractor has yet to be agreed and as a consequence a physical start date cannot currently be determined. If the LEP notifies the Council that it is unable to satisfactorily conclude the contract discussions or deliver the scheme within the approved budget envelope then the Council may elect to determine an alternative delivery model for the scheme. If delays continue then the Council will need to consider the best way forward under the contract with the LEP. The delays experienced to date will require capital re-phasing.
- 2.7 **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.

- 2.8 **Tameside Wellness Centre, Denton (£13.674m Council investment & £1.050m repayable loan by Active Tameside)** – The Tameside Wellness Centre scheme is progressing following a Council Key Decision of 27 April 2017. The Development Agreement and Sale Agreement have now been signed by the Council and Network Space.
- 2.9 Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the project. The Stage 1 submission, which seeks a capital contribution of £1.5m, has been considered by Sport England Panel on the 20 February 2018 and we await formal written notification. Any funding provided by Sport England will be used to enhance the scheme. Any additional funding will result in an increase in overall value of the scheme in the capital programme. There will be limited spend on the scheme before year end which will require capital re-phasing.
- 2.10 Consultation on the design of the centre concluded on the 5 November 2017. The responses received were generally very positive. The consultation findings have been used to inform design adjustments and will support the planning application, due to be submitted in April 2018 alongside the Stage 1 funding application to Sport England.
- 2.11 **Active Dukinfield (iTRAIN) (£1.3m Council investment & £1m repayable loan by Active Tameside)** - The Active Dukinfield (iTRAIN) development is now complete and the facility is fully operational.
- 2.12 **Active Longdendale (Total Adrenaline) (£0.600m all repayable loan by Active Tameside)** - The new play centre (Total Adrenaline) opened to the public on 19 November 2016.
- 2.13 Overall, good progress is being maintained with the delivery of the Council's capital investment programme to improve sports and leisure facilities.

3. RISK MANAGEMENT

- 3.1 The major risks associated with all capital schemes include funding, 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.
- 3.2 The capital investment report approved by the Executive Cabinet on 24 March 2016 as referred to in section 1.1 included supporting rationale to the reduction of the annual revenue investment payable by the Council to Active Tameside i.e. a reduction from £1.865 million in 2015/16 to £0.441 million by the end of the contract in 2023/24.
- 3.3 The planned reduction included a number of proposals associated with the capital investment programme via additional revenue that would be realised by Active Tameside from the new facilities (Section 14 of the aforementioned Executive Cabinet report refers). The reduction profile was based on expected facility completion dates at that time.
- 3.4 There is a clear risk to both the Council and Active Tameside that delays to facility completion dates will impact on the opportunity for Active Tameside to realise the expected levels of additional revenue which will subsequently enable the Council to reduce the level of annual revenue investment payable during the existing contract period. The context of the additional revenue that would not be realised for each month facility completion is delayed is an estimated sum of £35,000 for the Tameside Wellness Centre and an estimated sum of £ 6,000 for Hyde Pool.
- 3.5 The risk register for the Leisure Asset Investment Programme is attached at **Appendix 1**.

4. RECOMMENDATIONS

4.1 As set out on the report cover.

APPENDIX 1

Risk Register at March 2018

	Risk Description	Mitigation Plan	Raw Consequence	Raw Likelihood	Raw Risk Level	Actions	Residual Consequence	Residual Likelihood	Residual Risk Level
1 Wellness Centre	Sport England funding application is unsuccessful resulting in the delivery of a modified scheme. This could result in public and stakeholder dissatisfaction and may affect the operational viability of the facility and its health outcomes.	Strong application. A number of pre application engagements have taken place with SE at regional and national level.	4	3	12	Continued dialogue with Sport England at regional and national level. Specialist consultant employed to support application development.	4	3	12
2 - Wellness Centre	Sport England funding decision delayed resulting in delays to the programme. .	Strong application. Application now submitted. To be formally considered in February.	3	3	9	Continued dialogue with Sport England at regional and national level.	3	3	9
3 Wellness Centre	Planning approval delayed or onerous conditions attached such as restricted hours of use. Delays to planning consent would impact on the programme. Onerous conditions may impact on business case.	Pre application discussions taken place with Planning. Extensive public consultation conducted to support the application.	3	3	9	Continued dialogue with Planning.	3	2	6
4 Wellness Centre	Tender outcome unaffordable resulting in modifications to the design resulting in programme delay.	Detailed/benchmarked cost plan produced	3	3	9	Cost plan checked by Sport England's technical advisor and cost plan to be validated by	3	2	6

						Cushman and Wakefield.			
5 Hyde Pool	The signing of contracts is further delayed due to possible changes to the LEP/SPV. This could result in reputational damage to the Council.	Mitigation plan to follow.	4	4	16	To be updated.	4	4	16
6 Hyde Pool	Bidders increase the value of the contract due to ongoing delays. No governance in place for a cost increase resulting in significant delay.	Continuous dialogue with Aspect.	4	4	16	Situation being monitored by the Council.	4	4	16
7 Hyde Pool	The preferred bidder withdraws their interest in the scheme due to delay and onerous contract conditions. This could result in the need to re-procure resulting in significant delay and cost increases.	Continuous dialogue with the preferred bidder including a degree of contract negotiation.	4	4	16	Situation being monitored by the Council.	4	4	16
8 Active Tameside	Ongoing delays impact on Active Tameside's revenue position. There is an estimated impact of £35,000 per month of reduced revenue that will be realised by Active Tameside beyond the project completion date for the Wellness Centre. In addition there is an estimated impact of £6,000 per month of reduced revenue that will be realised by Active Tameside beyond the project completion date for Hyde Pool.	Ongoing discussions with Active Tameside in order to minimise the impact of lost income generated from the new and improved facilities	4	4	16	Continued dialogue with Active Tameside	4	4	16

