

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	3 September 2018
Reporting Officer:	David Moore – Interim Director of Growth
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.
Links to Community Strategy:	The Community Strategy 2012-22 (and the Corporate Plan 2013-18) outlines the priorities for improving the Borough. The Leisure Assets Capital Investment Programme directly links to the Tameside Sustainable Community Strategy objective of 'Healthy Tameside'.
Policy Implications:	This Leisure Assets Capital Investment Programme supports the Tameside Health and Wellbeing Strategy and specifically the strategic priority for reducing physical inactivity and improving physical activity levels across Tameside.
Financial Implications: (Authorised by the Section 151 Officer)	<p>The Executive Cabinet approved a £20.4m leisure facility investment budget on 24 March 2016.</p> <p>Included within the total investment budget was £3.185m for the Active Hyde pool extension scheme. Please note in section 2, the scheme has now been put on hold following a late withdrawal of the main contractor, the day before the anticipated contract signing. Since the Capital programme is under review as part of a reprioritisation exercise, the scheme has now been put on hold temporarily.</p> <p>The 2018/19 Quarter 1 capital monitoring report agenda item of this meeting is seeking approval for:</p> <ol style="list-style-type: none"> 1. a budget re-phasing of £9.079m from 2018/19 to 2019/20 relating to Tameside Wellness Centre. 2. a budget re-phasing of £2.778m from 2018/19 to 2019/20 relating to the Active Hyde Pool Extension. <p>As set out in section 2 of this report, Sport England have approved stage 2 application for capital funding to support the Tameside Wellness Centre project. Stage 1 application for £1.500m was approved by Sport England on 20 February 2018. 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.</p> <p>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</p>

of additional revenue. The Council's financial plan assumes reductions to the annual revenue investment in Active Tameside as a result of Active Tameside being able to realise these additional revenues which are now being delayed.

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

It is important, given the Council's fiduciary duty to its taxpayers, and its health and wellbeing responsibilities to its communities, that members ensure a strategic and sustainable leisure offer is continually developed, reviewed and maintained.

There are a number of risks highlighted in the report which will benefit from a review of that offer, which is currently underway.

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 related 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 Approval for any capital re-phasing highlighted in this report will be dealt with in the Capital Monitoring Report presented to the Executive Cabinet.

2. PROGRAMME UPDATE

- 2.1 The Leisure Assets Capital 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. The final payment for the installation was made by the Council at the end of the defects liability period some two years ago. There is an on-going dispute between Carillion, the LEP's main contractor, and their sub-contractor regarding an alleged outstanding final payment of £60,000. This is not a matter for the Council and is being dealt with by the LEP and Carillion's liquidator.
- 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. In addition, a further £88,280 was approved by Executive Cabinet on 21 March 2018 to increase the capital allocation to £3,185,000 in the 2018-2019 capital programme. It was envisaged that the additional capital would enable work to start on site in May 2018 subject to contract.
- 2.6 The Hyde Pool Extension scheme had initially been delayed due to technical issues that required approval for additional funding. This delay has been compounded by the late withdrawal of the main contractor from the scheme which was due to start on site in May of this year. Since the withdrawal, the day before the anticipated contract signing, the LEP has been working to secure a new contractor.
- 2.7 The Council's Capital Programme is currently under review in order to facilitate reprioritisation following pressures on the level of capital funding available. In addition, the Council is reviewing its leisure management options to ensure sustainability and improved health outcomes for residents. Consequently, the Hyde scheme is temporarily on hold pending the outcome of these reviews later in the year.

- 2.8 **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. Active Tameside is currently planning a general refurbishment of the pool tank to coincide with the wave machine installation. It is envisaged that the pool will close for a two week period later in the year to coincide with the centre's quietest period in terms of attendance. The timing will mitigate the income losses for Active Tameside during the two week period.
- 2.9 **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.
- 2.10 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 to support the planning application which was submitted in May 2018. Planning permission for the scheme was granted on the 27 July 2018 including the requirement for 24/7 operation.
- 2.11 The Council's Stage 2 funding application to Sport England was approved by Sport England Panel on the 12 July 2018 subject to the signing of the Lottery Funding Agreement. At the time of writing this report the draft agreement had not been received by the Council so the exact terms of the agreement are yet to be determined. The grant offer of £1.5m will need to be added to the schemes overall value in the capital programme once the signing of the agreement has been approved by the Borough Solicitor. Publicity in relation to the award is embargoed until the funding agreement has been signed.
- 2.12 Work to facilitate an early delivery of the scheme continues to be progressed with the developer and the preferred contractor. The target date for the practical completion (pre client fit-out) of the new facility is December 2019 subject to contracts.
- 2.13 **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.
- 2.14 **Active Longdendale (Total Adrenaline) (£0.600m repayable loan by Active Tameside)** - The new play centre (Total Adrenaline) opened to the public on 19 November 2016.
- 2.15 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 a rationale to reduce 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). 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 a 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 July 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.				Funding awarded			
2 - Wellness Centre	Sport England funding decision delayed resulting in delays to the programme. .	Strong application. Application now submitted. To be formally considered in July.				Funding Awarded			
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.				Planning Permission granted			
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 Cushman and Wakefield.	3	2	6
5 Hyde Pool	The scheme remains on hold resulting in further delays and increased cost.	Report to SPCMP	4	4	16	None at this point	4	4	16
6 Hyde Pool	If the scheme progresses there may be a cost increase due to delays and change of preferred contractor.	Work with the preferred contractor to reduce costs where possible	4	4	16	Continued dialogue with the contractor via the LEP	4	4	16
7 Hyde Pool	Use group dissatisfaction		4	4	16	Develop Coms plan once the outcome of the review is known	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
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