

Report to:	Strategic Planning and Capital Monitoring Panel
Date:	11 March 2019
Executive Member / Reporting Officer:	Jayne Traverse, 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:	<p>That Members consider the report and make recommendations to Executive Cabinet as follows:</p> <ul style="list-style-type: none"> a) That the Director of Growth be authorised to permanently close and demolish Active Denton (Denton Pool) when the new Tameside Wellness Centre opens in early 2020. The closure is part of the wider asset management plan developed in consultation with members. In addition, the Director of Growth is authorised to establish options for the disposal of the site for best consideration in consultation with members and the local community. A report will be presented to Executive Cabinet setting out the options for disposal and the anticipated impact on the approved Capital Programme. b) That a condition survey of Active Ashton be undertaken to support the development of an options appraisal for further consideration by members. The cost of the survey to be funded from existing revenue budget. c) That the replacement of the Synthetic Turf Pitch at Active Medlock be added to the list of schemes currently under review in the capital programme. The cost of the replacement is estimated to be £120,000.
Corporate Plan:	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 statutory Section 151 Officer & Chief Finance Officer)	<p>The Executive Cabinet approved a £20.4m leisure facility investment budget on 24 March 2016.</p> <p>Included in the total investment budget was £2m for the Active Hyde pool investment. As set out in section 3 of this report, the investment in Active Hyde has been increased to £3.185m. Section 3 also details the reasons for the delay in delivering this scheme.</p> <p>The report recommends an options appraisal for the disposal of the Denton pool site be prepared for consideration by Members. It</p>

should be noted that the estimated cost of the disposal of Denton pool is £0.250m and the potential capital receipt is undetermined. There is a risk that the disposal of the site may have a negative impact on the Council's capital resources thus highlighting the need to consider other options.

Section 4.1 of the report details the current condition of the artificial turf pitch at Active Medlock. The cost of resurfacing the pitch is estimated to be £0.120m. It is recommended that this scheme be considered alongside other requests for corporate funding as part of the prioritisation of capital resources. Members should note there is a limited amount of Council capital resources and not all the proposed schemes will be able to be funded.

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

It is important to manage the Council's leisure offer effectively to ensure it provides value for money and properly supports the health and wellbeing needs of the borough. The monitoring of the capital investment programme by Members plays a key role in doing so. Members need to consider the report holistically and have a clear oversight in providing strategic direction when balancing competing priorities whilst ensuring the Council's fiduciary duties to the public purse continue to be met.

There are implications for the legal support required in these projects and so it is important that Legal Services are instructed in a timely manner and kept up to date with developments to ensure that there are contractual arrangements in place to secure delivery on time and within budget.

Risk Management:

Risk management is considered in section 5 of this report

Access to Information:

The report is to be considered in public.

Background Information:

The background papers relating to this report can be inspected by contacting Andrea Wright, Capital Projects Lead, 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 – COMPLETED SCHEMES

- 2.1 The Leisure Assets Capital Investment Programme comprises a number of individual projects. The following schemes have been completed as planned:
 - Active Copley heating system replacement (£0.369m)
 - Active Copley pitch replacement scheme (£0.177m)
 - Active Medlock roof replacement scheme (£0.120m)
 - Active Dukinfield development (ITRAIN) – (£1.3m Council investment & £1m repayable loan by Active Tameside)
 - Active Longdendale Development (Total Adrenaline) – (£0.600m repayable loan by Active Tameside)

3 PROGRAMME UPDATE – LIVE SCHEMES

- 3.1 **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.
- 3.2 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 earlier this year. Since the withdrawal, the day before the anticipated contract signing, the LEP has been working to secure a new contractor. The additional cost associated with the procurement of a new contractor, £280,000, was approved by Executive Cabinet on 12 December 2018.
- 3.3 Contracts for Hyde Pool scheme were due to be exchange just before Christmas 2018. Days before the signing date the preferred contractor withdrew its interest blaming the risks posed by volatility in the local supply chain. This is the second time the scheme has suffered from the withdrawal of the main contractor immediately before contract signing. The explanation provided by the main contractor is as follows: The construction supply chain in the Northwest is extremely busy, which means that sub-contractors for things like ground works, steel and other trades can pick and choose their contracts. The surplus of work means that sub-contractors can inflate their quotes and can dictate start and

completion dates impacting on programme. The risk imposed by likely post contract cost increases and programme delays was too great for the main contractor in this instance and as a consequence they withdrew their interest in the scheme. In order to progress the scheme the Council (via the LEP) is currently seeking interest from other companies who would be willing to enter in to a mini competition for the scheme. The need to re-procure is introducing a further delay which is illustrated in the following high level indicative timeline provided by the LEP;

- Issue subcontract to prospective tenderers for review and commitment to conditions - 2 weeks (say mid Feb)
- Prepare and issue tender documents - 2 weeks (end Feb)
- Tender period - 6 weeks (mid-April)
- Evaluation and queries - 4 weeks (mid-May)
- Prepare contract schedules and sign contract - 8 weeks (mid-July)
- Mobilisation - 4 weeks (mid-August)
- Construction - 12 months (end August 2020)

Active Tameside and the aquatic clubs affected by the delay have been notified.

- 3.4 **Active Hyde Wave Machine Replacement (£0.060m)** - The Wave Machine installation at Active Hyde would normally need a two-week partial facility closure due to the need to drain the pool tank to facilitate the installation. However, a technical assessment is under way to determine if the installation can take place without draining the pool thereby maintaining attendances and associated income levels for Active Tameside. The design of the new system is being progressed with installation to take place late this financial year and early next.
- 3.5 **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 Land Sale Agreement are now unconditional. Construction began in November 2018.
- 3.6 Consultation on the design of the centre concluded on the 5 November 2017. However, further design consultation is taking place with a forum of people living with Dementia. This is to ensure that the facility is fully "Dementia Friendly".
- 3.7 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. The Lottery Funding agreement has now been signed and the value of grant confirmed at £1.5m. Sport England's contribution has been added to the capital value of the scheme in the Council's Capital Programme.
- 3.8 Work to facilitate an early delivery of the scheme continues to be progressed with the developer and the main contractor.
- 3.9 Active Denton (Denton Pool) will permanently close when the new Wellness Centre opens in early 2020. Active Tameside will be issued with a Deed of Variation/Amendment to their existing Lease which will seek to substitute the existing facility with the new facility on the same terms and conditions until the existing Lease comes to an end in March 2024.
- 3.10 Denton Pool is in very poor condition and it is recommended that once the Tameside Wellness Centre opens, Denton Pool will close permanently. An options appraisal for the future of the site will be prepared by the Director of Growth for consideration. It should be noted that if the decision is to demolish the building and clear the site then the cost of demolition is estimated to be £250,000. The high cost of demolition is due to significant quantities of Asbestos and deep excavations. More detail in relation to the cost of demolition will be presented at future meetings.

- 3.11 The Wellness Centre fit out is to be funded by Active Tameside from Prudential Borrowing at an approved value of £1.05m. How the funding is to be used and repaid will be set out in a funding agreement in a form to be approved by the Borough Solicitor.

4. PROGRAMME UPDATE - 5 YEAR INVESTMENT PLAN

- 4.1 The current Leisure Assets Capital Investment Programme needs to be updated. The following schemes need to be included for consideration:

- **Active Ashton (Ashton Pool)** - Active Ashton is in poor condition and needs to be fully refurbished if it is to be retained. Current thinking is that the facility needs to be relocated in the form of a wellness centre if it is to impact significantly on Public Health outcomes. It is proposed that a condition survey be undertaken to inform an options appraisal for members to consider.
- **Artificial Turf Pitch at Active Medlock** - The synthetic turf pitches at Active Medlock are 19 years old and have reached the end of their useful life. The pitches need to be resurfaced if they are to continue to operate beyond this winter. Active Medlock's sister pitches at Active Copley were resurfaced approximately 2 years ago by the Council. If the pitches are not replaced then the likelihood is that they will close impacting on public health outcomes and Active Tameside's financial position. The pitches currently have an annual surplus of £42,000. This may result in the need to adjust the annual management fee paid to Active Tameside. The cost of resurfacing the pitches is estimated to be £120,000.

5. RISK MANAGEMENT

- 5.1 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.
- 5.2 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. 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. The reduction profile was based on expected facility completion dates at that time.
- 5.3 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.
- 5.4 The risk register for the Leisure Asset Investment Programme is attached at **Appendix 1**.

6 RECOMMENDATIONS

- 6.1 As set out at the front of the report.

APPENDIX 1

Risk Register at February 2019

	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				Viability Appraisal completed			
6 Hyde Pool	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	User group dissatisfaction	Coms Plan	4	4	16	Develop Coms plan Ensure this is compliant with Sports England Lottery Funding grant conditions	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. Active Tameside's financial position is improving making then less vulnerable to any financial impact caused by further delays	3	3	9

9 Hyde Pool	The scheme is being delivered by the LEP on behalf of the Council. The LEP's priority is the delivery of the Vision Tameside Project. This commitment may impact on their ability to accelerate the scheme as required by the Council	Ongoing discussions with the LEP to ensure that the scheme is adequately resourced	4	4	16	Continued dialogue with the LEP	4	4	16
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