

Report to:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	15 March 2020
Executive Member:	Councillor Allison Gwynne - Executive Member (Neighbourhoods, Community Safety and Environment)
Reporting Officer:	Jeanelle de Gruchy, Director of Population Health
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 Strategic Planning and Capital Monitoring Panel note the following variances.</p> <ul style="list-style-type: none"> (i) an underspend of £0.013m from the Active Medlock Pitch Replacement scheme. (ii) A forecast underspend against Active Hyde of £0.02m (iii) An overspend of £0.032m on the completed Wellness Centre scheme on a spend of £16.374m.
Corporate Plan:	The Community Strategy 2012/22 (and the Corporate Plan Our People Our Place Our Plan) 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'. The scheme supports each of the Corporate Plan themes including Starting Well, Living Well and Ageing Well supporting people to live longer and healthier lives through increased opportunities to be physically active.
Policy Implications:	The Leisure Assets Capital Investment Programme supports the Tameside Corporate Plan and specifically the 'Increase Levels of Physical Activity' priority.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The current approved capital programme requires a minimum of £21.544m of capital receipts or reserves. Two further earmarked schemes are also expected to be approved requiring a further £2.857m of receipts or reserves. Any additional priority earmarked schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme. The Council currently has £14.953m in capital reserves and the anticipated level of capital receipts is £15.3m based on the disposal of surplus assets approved by Executive Cabinet in September 2020.</p> <p>Earmarked schemes not included on the approved capital programme exceed £40m. Assuming that the planned disposals proceed, there is a forecast balance of £5.8m of capital receipts to fund future earmarked capital schemes, meaning the broader capital ambition of the Council is currently unaffordable until such time as additional capital receipts are generated. The Growth Directorate is reviewing the estate and developing a further pipeline of surplus sites for disposal. A full refresh of the Capital Programme is to be undertaken alongside this review of the estate. A refreshed</p>

and reprioritised Capital Programme will then be proposed for Member approval in Spring or early Summer 2021.

Active Hyde Pool Extension - As detailed in section 3.1 of this report, this scheme is currently reporting a completion delay of 5 weeks, the works are still forecast to underspend against the approved budget of £4.034m by £0.02m although £0.500m has been re-profiled into 2021/22.

Denton Wellness Centre - As reported in section 3.2 of this report, the final account for this scheme has been provisionally agreed at £0.262m which leaves a shortfall of £0.32m this is due to modifications to the scheme which were required towards the end of the projects. **Other Schemes** - All other schemes detailed in section 2.1 of this report are now complete.

Legal Implications:

(Authorised by the Borough Solicitor)

This report is intended to provide Members with an overview of the progress being made in relation to the leisure assets capital programme.

It is the duty of Members to enquire and ensure that any council expenditure is being used to deliver the best value possible for the council and the residents of Tameside. Further Members would be failing in their duty if they commit the Council to undertake projects which are not fully funded.

Members will note that the financial implications section states that potentially there will be insufficient capital receipts for the council to be able to deliver all of its current capital funded ambitions. It would therefore assist Members if this report could provide details of what the current capital receipts are being estimated at in order that they can understand the potential short fall.

As with every decision it is important for Members to understand why there has been an overspend on a project and this is even more critical in these challenging economic times. Therefore it would assist Members if the report could provide details in relation to why there is likely to be an overspend on the Denton Wellness Centre and for the report to clarify whether the re-profiling of the pool extension budget actually involves and additional funding to be required.

Risk Management:

Risk management is considered in section 4 of this report

Background Information:

The background papers relating to this report can be inspected by Contacting Paul Smith - Assistant Executive Director, Strategic Property and Debbie Watson – Assistant Executive Director. Population Health

Telephone: 0161 342 3018

e-mail: paul.smith@tameside.gov.uk

e-mail: Debbie.watson@tameside.gov.uk

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 increase physical activity 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 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. PROGRAMMME UPDATE – COMPLETED SCHEMES

- 2.1 The Leisure Assets Capital Investment Programme comprises a number of individual projects:

The following schemes have been completed:

- a) Active Copley heating system replacement (£0.369m).
- b) Active Copley pitch replacement scheme (£0.177m).
- c) Active Medlock roof replacement scheme (£0.120m).
- d) Active Dukinfield development (ITRAIN) – (£1.3m Council investment & £1m repayable loan by Active Tameside).
- e) Active Longdendale Development (Total Adrenaline) – (£0.600m repayable loan by Active Tameside).
- f) Active Medlock Synthetic Turf Pitch Replacement (£0.120m) – (£0.013m underspend).
- g) East Cheshire Harriers Floodlight Replacement Scheme – (£0.100m)
- h) Tameside Wellness Centre (£16.374m)

- 2.2 Schemes a) to g) have been delivered within budget.

3. PROGRAMMME UPDATE – LIVE SCHEMES

- 3.1 **Active Hyde Pool Extension (£4.034m)** - The Hyde Pool extension scheme was procured by the Local Education Partnership (the LEP) on behalf of the Council. The capital budget for the scheme was approved by Executive Cabinet on the 25 September 2019 and now stands at £4.034m. The scheme is forecast to outturn £0.02m under budget. The scheme commenced on site in February 2020 with completion due in late March 2021. The LEP is now reporting a completion delay of 5 weeks with practical completion now due on the 30 April 2020. The main reason for the delay is Covid 19 restrictions causing in a slowing-down in the main contractors supply chain. The main contractor continues to review its programme in order to identify areas where time delays could be mitigated. The delay is considered to be a Relief Event under the terms of the contract therefore there is no compensation due to either party. A Relief Event refers to a risk, if the risk occurs, the contractor will be excused for under-performance or even breach of obligations (that resulted from the event, but no financial compensation is granted). For example, time delays in the case of unforeseen pandemic. The delay has resulted in the need to re-phase the capital spend profile for the scheme with £0.500m being re-profiled into 21/22. This does not affect the scheme cost, which is currently progressing under budget.
- 3.2 **Tameside Wellness Centre (£16.374m)** - The Tameside Wellness Centre scheme was approved by the Council on 2 May 2017. Construction began in November 2018 with the

building officially opening on 2 March 2020 approximately 4 weeks ahead of programme. The scheme value is £16.224m (£13.674m Council investment, £1.5m Sport England grant and a £1.050m grant to Active Tameside).

- 3.3 The operation of the building has been significantly affected since March 2020 with partial and complete closures in response to the Governments guidance on the Covid 19 pandemic. The ongoing effect of the operational restrictions on service provision and the impact on Active Tameside is being reported to members by the Director for Population Health.
- 3.4 The buildings 12-month defects liability period ends on the 6 February 2021. Once all outstanding defects have been resolved to the satisfaction of the Council and the Contract Administrator the retention sum will be released. The final account has been provisionally agreed at £0.262m. The budget for the scheme stands at £0.230m leaving a negative budget balance of £0.032m. The variance is attributed to the cumulative effect of vary minor changes throughout the lifetime of the project and to two specific items of expenditure set out in section 3.5. The deficit of £0.032m is 0.2% of the schemes overall cost which is a significant achievement given the complexity that an aquatic project on this scale presents. In order to ensure that the impact on the approved Capital programme is kept to a minimum the following is proposed: The Pitch Replacement scheme at Active Medlock was completed in January 2020 with and under spend of £0.013m. It is proposed that the underspend be used to offset the negative balance leaving a new negative balance of £0.020m. It is also proposed that the negative balance be passed over to the Hyde Pool scheme where an underspend is currently evident across a number of provisional sum items. The completion of the Hyde Pool scheme will bring to an end the current approved Leisure Asset investment programme. The balance of the Sport England grant funding, (£0.045m), will be drawn-down by the Council at the end of the defects liability period.
- 3.5 The budget deficit of £0.032m is attributed to unforeseen costs as follows;
- The need to resurface the footpath on Annan Street for reasons of health and safety. Annan Street runs along the rear elevation of the building. Towards the end of the contract it became apparent that the safety of attendee's to the building would be compromised due to the deteriorating condition of the footpath. In order to open the building on time the footpath was resurfaced at a cost of £0.010m.
 - The cycle shelter planned for the scheme was to be funded from a grant application to TFGM for Bee Line funding. The application for funding was rejected towards the end of the scheme resulting in the cost being met through the construction contract. The cost of the shelter totalled £0.016m.
 - Other minor costs increase totalling £0.006m.
- 3.6 A financial summary is attached as **Appendix 1**

4. RISK MANAGEMENT

- 4.1 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.
- 4.2 The impact of Covid 19 on the delivery of schemes continues to be monitored. To date there has been no direct financial impact on the leisure capital projects.

5. CONCLUSIONS

- 5.1 All schemes are now complete apart from the extension at Hyde Pool, which is currently within budget.

6. RECOMMENDATIONS

6.1 As set out at the front of the report.