

<b>Report to:</b>	<b>STRATEGIC PANEL CAPITAL MONITORING PANEL</b>
<b>Date:</b>	16 March 2020
<b>Executive Member / Reporting Officer :</b>	Cllr Allison Gwynne – Executive Member (Neighbourhoods, Community Safety and Environment) Jeanelle de Gruchy, Director of Population Health.
<b>Subject:</b>	<b>LEISURE ASSETS CAPITAL INVESTMENT PROGRAMME UPDATE</b>
<b>Report Summary:</b>	<p>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.</p> <p><b>Appendix 1</b> attached shows the list of approved capital schemes within the Population Health Directorate capital programme along with budget monitoring completed as at period 10. Milestones have also been included for larger schemes to reflect the progress of these.</p>
<b>Recommendations:</b>	The contents of the report to be noted. Capital funding to clear the Denton Pool site is earmarked in the approved capital programme. Further governance will be sought when the final cost is known.
<b>Corporate Plan:</b>	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.
<b>Policy Implications:</b>	The Leisure Assets Capital Investment Programme supports the Tameside Corporate Plan and specifically the 'Increase Levels of Physical Activity' priority.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p><b>Proposed Floodlight Replacement Scheme</b> – The Council's Engineers have replaced the floodlights and had come under budget of £0.090m the remainder of £0.010m will go back to the corporate pot.</p> <p><b>Tameside Wellness Centre, Denton</b> – The scheme value is £16.224m (£13.674m Council investment, £1.5m Sport England grant and a £1.050m grant to Active Tameside.</p> <p>Tameside Wellness Centre will have an early completion and will officially open on the 2nd of March 2020. The scheme has delivered on programme and within the allocated budget. We will have a reverse slippage of £1.800m in financial year 2019/20 due to early completion of the project.</p> <p>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. As previously reported, Financial Management have</p>

been reassured by the Council's VAT advisors that there will be no negative VAT consequences for the Tameside Wellness project. However this advice was based on the Council leasing the facility on a peppercorn rent and receiving no other consideration from the lessee. If this arrangement changes, the Council's ability to reclaim VAT on the land transaction or the development and construction of the building would be put at risk.

**Active Hyde Pool Extension** - The capital budget was approved by Executive Cabinet on the 25th September 2019 and now stands at £4.034m. As set out in section 3.1 of this report the scheme will now be procured and managed by the Local Education Partnership (the LEP) on behalf of the council. There will be a budget of £0.250m in this financial year for works that have commenced at Hyde Pool on the 14<sup>th</sup> February 2020 and a slippage of £0.150m to next financial year bringing the total budget of 20/21 to £3.610m.

**Active Medlock** –The scheme has now been completed by the Council engineers and is due to come in on budget.

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

There are no immediate legal implications notwithstanding the ongoing obligation placed upon the Council to ensure the prudent expenditure of funds to deliver the identified projects in a cost effective and efficient manner. All construction and demolition should be undertaken through the LEP in accordance with the Council's agreed policy any variations or exceptions to this need Cabinet decision.

**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 Roger Greenwood



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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 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 Once implemented in full, the proposals will enable repayment of outstanding prudential borrowing that is owed by Active Tameside, alongside a sustainable reduction in the management fee paid by the Council.
- 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. A financial summary of the Tameside Wellness Centre and Hyde Pool schemes is attached as appendix 1.

## 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:**

- 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).
- g. East Cheshire Harriers Floodlight Replacement Scheme – (£0.100m)

## 3. PROGRAMME UPDATE – LIVE SCHEMES

- 3.1 **Active Hyde Pool Extension (£4.034m)** – The Hyde Pool extension scheme has now been procured and managed 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 and now stands at £4.034m, which is in keeping with the projected scheme cost. The LEP has progressed the scheme to a point where the contracts, including the Head Contract with the Council and the Deed of Appointment for the Independent Certifier, have been signed. The scheme commenced on site in February with completion due in February 2021.
- 3.2 **Tameside Wellness Centre (£16.374m)** - The Tameside Wellness Centre scheme is progressing well following a Council Key Decision of 2 May 2017. Construction began in November 2018 with an official opening date of 2 March 2020. The scheme has been delivered on programme and within the allocated budget subject to the final account being agreed by the Council and Network Space.
- 3.3 On 27 March 2019, Executive Cabinet authorised the Director of Growth to permanently close and clear the Active Denton (Denton Pool) site when the new Tameside Wellness

Centre opens on 2 March 2020. The clearance of the site is time critical due to the need to minimise the time between closure and clearance and also minimise the visual impact on the town centre. Detailed survey work will be progressed and a Prior Notification Planning Application will be submitted at the earliest opportunity. Approval is sought to earmark the site clearance cost in the approved capital programme with the cost being offset from the disposal of the site.

#### **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 A decision was made by Executive Cabinet on 23 January 2019 to re-profile the annual revenue investment payable by the Council to Active Tameside due to delays to capital schemes with revised operational opening dates of October 2020 for Active Hyde and April 2020 for Wellness Centre, Denton. The management fee payable was re-profiled for the financial years 2018/19, 2019/20 and 2020/21.

Active Tameside are amenable to agreeing a gain share arrangement if performance at Active Denton and Active Hyde exceeds the level of assumed operating surplus in 2020/21, whereby the management fee would be reduced in subsequent years.

The related report approved by the Executive Cabinet is available via the following link (agenda item 8a) :

<https://tameside.moderngov.co.uk/ieListDocuments.aspx?CId=134&MId=3243&Ver=4>

A further report will be presented to Members during 2020/21 to consider the value of management fee payable for the years 2021/22 to 2023/24 (the end of the existing lease term), in light of the performance of the newly operational sites.

#### **5. CONCLUSIONS**

5.1 Good progress is being made in relation to the remaining live schemes.

#### **6. RECOMMENDATIONS**

6.1 As set out at the front of the report.