
Meeting: Executive
Date: 2 October 2012
Subject: Priorities for Leisure Facility Capital Programme Investment
Report of: Cllr Brian Spurr Executive Member for Sustainable Communities – Services
Summary: To approve expenditure of capital programme funds to commence implementation of improvements at Saxon Pool and Leisure Centre and Tiddenfoot Leisure Centre in 2012/13.

Advising Officer: Gary Alderson, Director of Sustainable Communities
Contact Officer: Jill Dickinson, Head of Leisure Services
Public/Exempt: Report - Public
Appendix A – Exempt
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

Capital investment to improve Leisure Centres supports the following Council priorities;

- Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.
- Promote health and wellbeing and protecting the vulnerable.
- Great universal services – bins, leisure and libraries.
- Value for money – freezing council tax.

Financial:

1. The capital programme, approved at Council on 23 February 2012 includes funds for Leisure Strategy Implementation Invest to Save together with Saxon Pool and Leisure Centre sports hall extension totalling £8m over 4 years from 2012/13 to 2015/16.

2. Part of the £8m is a contribution of £650k section 106 funds in 2013/14 for the sports hall extension at Saxon Pool and Leisure Centre from a number of developments. The majority of this funding is from the Land South of Potton Road (site 1) application MB/03/01205/OUT not yet received but due 11 January 2013, the trigger being no later than the third anniversary of the commencement of the development. The revised total anticipated is £600k.
3. In developing priorities for invest to save expenditure, a range of potential schemes have been considered which limit the cost to the Council of borrowing capital funds, either by providing income for the Council and/or can be supported by third party contributions.
4. The financial implications are set out in the exempt Appendix A, tables 1-5:
 - i. Table 1 Approved net capital programme budget summary.
 - ii. Table 2 Tiddenfoot Leisure Centre proposed expenditure summary.
 - iii. Table 3 Saxon Pool and Leisure Centre proposed expenditure summary.
 - iv. Table 4 Combined project total expenditure summary.
 - v. Table 5 Summary of invest to save expenditure, estimated income and return on investment.
5. The Executive is asked to approve the allocations and profile of capital expenditure as set out in Appendix A Tables 2 and 3 which will be reflected in the next version of the capital programme.
6. The proposals commencing in 2012/13 have been developed to a level of detail to show those improvements which aim to deliver a return on the capital invested, and other essential and complementary maintenance and improvement items that bring the physical fabric of the centres up to date.
7. At this point it is not intended to re-profile the budget beyond 2013/14. The Leisure Facilities Strategy to be considered at Executive on 8 January 2013 will inform further investment proposals which will also propose use of the capital budget that has not been spent in 2012/13 and 2013/14.

Legal:

8. Public authorities have a statutory duty to promote equality. This is dealt with in detail in the Equalities section of the Corporate Implications.

Risk Management:

9. The following risks have been identified, which are considered in more detail below:
 - Failure to deliver the Council's priorities
 - Reputational risks
 - Risk to customer satisfaction
 - Financial risks, including slippage, failure to achieve income targets, accuracy of costing and accurate assessment of demand.

10. The development of a Leisure Facility Strategy, part of the Council's Medium Term Plan is planned for approval by Executive in January 2013. These investment priorities aim to address key emerging issues for the Leisure Facility Strategy which has been tested by key stakeholder consultation.
11. Sport England has assessed the quality, quantity and accessibility of a range of specific sports facilities which shows a deficiency of fitness stations, high usage levels of the leisure centres, and aging stock that make for a decline in customer satisfaction levels if there is no further investment.
12. Outline business cases have been developed for each proposal which will require further work. These have been informed by condition surveys and latent demand research commissioned for fitness equipment and health suites. The capital costs (construction and fit out costs) are estimates based on quantity surveyors estimates from architect's drawings. Cost accuracy will be tested through a procurement process for a building construction contract.
13. Income generation estimates for additional fitness room capacity (additional cardio and resistance equipment) has been assessed by using actual contractor estimates for usage and income.
14. Income generation estimates for health suites (rooms for massage and body treatments, sauna, steam and ice rooms) are not widely available. Whilst there is growing interest within the leisure industry in the provision of health suites to complement the traditional leisure centre offer, and there is anecdotal evidence about the benefits to health and wellbeing, this emerging market is untested. The latent demand surveys indicate demand for health suites in Central Bedfordshire, but the income generated from this market is commercially sensitive and difficult to obtain. Therefore income generation estimates are cautious, based on modelled demand and likely income per person, and not based on actual contractor estimates for usage and income. There are additional reputational risks in this type of investment if gaps in service provision elsewhere are perceived.
15. The income estimates for the improvements at Tiddenfoot Leisure Centre are subject to negotiations with the contractors which are not yet concluded. In the event of contractor negotiations not reaching fixed income levels which enable CBC to support the cost of capital borrowing, it may be recommended at contract award stage for the project not to proceed.
16. Saxon Pool and Leisure Centre contract will be retendered for a start date on 1 October 2013. Income estimates for Saxon Pool and Leisure Centre will not be confirmed until the Council awards the contract.

Staffing (including Trades Unions):

17. Not Applicable.

Equalities/Human Rights:

18. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
19. The improvements to the leisure facilities aim to enhance customer experience and promote equality of opportunity, and make sport and physical activity a regular part of life for all.

Public Health:

20. Leisure services are a key community health resource. Capital investment in leisure facilities will ensure there is a sustainable and high quality sport and physical activity infrastructure for local communities to engage in regular physical activity to help generate long term improvements in overall levels of health and wellbeing and thereby reducing the costs to society for the NHS and social care.

Community Safety:

21. Under section 17 of the Crime and Disorder Act the Council has a statutory duty to do all that is reasonable to prevent crime and disorder with its areas. Leisure centres and the activities that they offer provide positive opportunities, particularly to young people, who may otherwise engage in activities that may be considered anti-social.

Sustainability:

22. The proposals seek to extend and improve facilities and increase the number of people in Central Bedfordshire that can access and participate in sport and physical activity through a network of good quality accessible and readily available public sport and recreation facilities, reducing the need for customers to travel to other local authority areas to participate in these activities.
23. Leisure Centres are significant contributors to the Council's carbon footprint (12%) and improving energy consumption/efficiency (which also has benefits in terms of running costs) will be an important consideration as part any redevelopment or measure implemented.

Procurement:

24. Project management consultants will undertake detailed design, engineering and quantity surveying services. The procurement of these services has been carried out in consultation with the Council's procurement team via an existing local authority purchasing and distribution framework agreement known as Eastern Shires Purchasing Organisation (ESPO) approved by CBC. Preliminary work costing £10,000 has been approved with full appointment being made subject to approval of the recommendations set out in this report.

25. The scope of the appointment includes undertaking a tender process for a building contract to implement the leisure centre improvements. The award of building contract will be of a value that will require Executive approval. In order to minimise the time taken to commence the improvements it is recommended that Executive approval to award the building contract be delegated to the Director of Sustainable Communities in consultation with the Executive Member for Sustainable Communities - Services Cllr Brian Spurr and Executive Member for Corporate Resources, Cllr Maurice Jones.
26. Should it be agreed that an award for a building contract be made, the appointed project management consultants will oversee the building contract.

Overview and Scrutiny:

27. These projects implement part of the Capital Programme 2012-2016 agreed at February 2012 Budget Council.

RECOMMENDATIONS:

The Executive is asked to:

1. **approve expenditure in the approved capital programme to the new profile set out in the exempt Appendix 1 - Tables 2 and 3 which will be reflected in the next version of the capital programme; and**
2. **delegate to the Director of Sustainable Communities in consultation with the Executive Member for Sustainable Communities – Services and the Deputy Leader and Executive Member for Corporate Resources, the award of the building contract for Tiddenfoot Leisure Centre and Saxon Pool and Leisure Centre in 2012/13.**

Reason for Recommendations: So that priorities for investment to commence from 2012/13 can be implemented.

Executive Summary

28. As set out in the Corporate Implications of this report, proposals for capital investment have been developed to support the emerging themes and priorities of the Leisure Strategy. The proposals aim to limit the cost to the Council of borrowing capital funds, either by providing income for the Council as a result of that investment and/or aim to be supported by third party contributions.
29. Proposal for investment are for the following improvements;
30. Tiddenfoot Leisure Centre. Ground floor: extension to the entrance, reconfiguration and refurbishment of the reception area, provision of a café. First floor: expansion of the fitness room from 54 stations to 75 stations into the current fitness room changing area and re provision of that changing area into the crèche. Conversion of an existing second fitness area into a workout studio and re provision of the crèche.

31. Saxon Pool and Leisure Centre. Ground floor: refurbishment of the reception area and extension for a two court sports hall. New first floor for a health spa (rooms for massage and body treatments, sauna, steam and ice rooms).
32. The financial implications are set out in the exempt Appendix A, tables 1-5:
 - i. Table 1 Approved net capital programme budget summary.
 - ii. Table 2 Tiddenfoot Leisure Centre proposed expenditure summary.
 - iii. Table 3 Saxon Pool and Leisure centre proposed expenditure summary.
 - iv. Table 4 Combined project total expenditure summary.
 - v. Table 5 Summary of invest to save expenditure, estimated income and return on investment.
33. The Executive is asked to approve the allocations and profile of capital expenditure as set out in exempt Appendix A Tables 2 and 3 which will be reflected in the next version of the capital programme.
34. The project will be managed as set out in paragraphs 24-26 of this report.
35. Executive is asked to approve the recommendations set out in this report.

Appendices:

Exempt Appendix A – Budget and expenditure summaries, Tables 1-5.

Table 1 Approved net capital programme budget summary.

Table 2 Tiddenfoot Leisure Centre proposed expenditure summary.

Table 3 Saxon Pool and Leisure centre proposed expenditure summary.

Table 4 Combined project total expenditure summary.

Table 5 Summary of invest to save expenditure, estimated income and return on investment.

Background Papers: (open to public inspection)

B3 Building Services Option reports for Leisure Centre enhancements June 2012

Hattrick Marketing Latent Demand surveys for Health and Fitness May 2012

Innovate Leisure Spa Report August 2012