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**New District Wide Indoor Leisure Centre Facility – Update**

Committee: Commercial Services Committee

Date: 3<sup>rd</sup> March 2015

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1.0 ISSUE

1.1 An update on progress with the new indoor leisure centre facility in Ely.

2.0 RECOMMENDATION

2.1 Members are recommended to:-

- (i) Note progress with the new indoor leisure centre since the 12<sup>th</sup> November 2014 Commercial Services Committee;
- (ii) Note the timetable for completing RIBA stage C works.

3.0 BACKGROUND

3.1 On 6<sup>th</sup> November 2014 Corporate Governance and Finance Committee received an initial funding strategy and risk assessment report, based on feasibility and options assessment work completed by The Sports Consultancy (TSC).

3.2 Members of the Committee tasked Commercial Services Committee Members and Officers to make progress on three key issues:-

- 3.2.1 Recommendation 2.2 Potential income generation projections from the new leisure centre -The Principal Community and Leisure Services Officer was tasked to undertake a market testing exercise to provide greater assurance around the income forecast for the new facility;
- 3.2.2 Recommendation 2.3 The level of Sport England Funding – Officers were tasked to secure approval of funding from Sport England’s Strategic Facilities Fund;
- 3.2.3 Recommendation 2.4 Capital cost estimates - TSC had provided outline costs for six different facility options for the new leisure centre which ranged from £10.7m to £12.6m. Commercial Services Committee Members were tasked with agreeing the preferred facility mix for the leisure centre;

3.4 On 29<sup>th</sup> January 2015 the Chief Executive took a progress update report to Corporate Governance and Finance Committee. The report updated members on progress with the implementation of the 6<sup>th</sup> November 2014 meeting as detailed below in paragraph 3.5.

- 3.5 Progress Report on issues raised at Corporate Governance and Finance Committee on 6<sup>th</sup> November 2014
- 3.5.1 Recommendation 2.2 – Market testing exercise for the procurement of an operator  
The Council invited commercial leisure operators and management specialists to complete a market testing questionnaire seeking their views on revenue projections and income generation for the proposed new leisure centre development. The Council received eight replies from ten invitations and qualitative analysis of the responses indicate that there are a number of options that Commercial Services Committee will need to consider prior to the procurement of an operator, specifically:-
- length of contract offered – a number of operators indicated that a 15-20 would be positive in terms of income received;
  - staging income payments – some operators indicated that they would wish to stage income payments to reflect that income generation may not reach maturity until Year 3 or 4;
  - what level of responsibility the Council should retain in relation to equipment replacement, utility inflation risk and major plant upgrade within the contract.
- 3.5.2 Recommendation 2.3 – Funding from Sport England's Strategic facilities fund  
Sport England confirmed on 26<sup>th</sup> January 2015 that the Council's expression of interest for Strategic Facilities funding for the Leisure Centre had been approved, and a full application was now invited.
- 3.5.3 Recommendation 2.4 – Preferred facility mix for the leisure centre  
On the 6<sup>th</sup> November 2014, Commercial Services Committee approved Option 6 as the preferred facility mix for the new leisure centre facility. This mix includes an 8 lane swimming pool and learner pool; a four court sports hall; two studios, 120 health and fitness stations; and a full sized artificial grass pitch. It has an initial capital cost estimate of £12.6m.
- 3.5.4 Recommendation 2.5 (Instruction to Asset Development Sub-Committee) – programme of additional capital receipts  
Members received an update against the target set by Corporate Governance and Finance and Commercial Services Committees i.e. £2.5m.
- 3.5.5 Recommendation 2.6 – CIL funding for the leisure facility  
At Full Council on 8th January 2015, members approved amendment of the CIL Annual Delivery Plan 2014/15 to provide a formal allocation of £250,000 to the leisure centre. Preparation of the CIL Annual Delivery Plan 2015/16 is underway. It is currently proposed, following a recommendation from Planning Committee and subject to consultation with the Joint East Cambridgeshire and Cambridgeshire County Council Member and Officer Steering Group, that £2,500,000 of CIL funds raised from the North Ely development are formally allocated to the leisure centre. The Annual Delivery Plan 2015/16 will be an item on the agenda for Full Council in April 2015.
- 3.5.6 Recommendation 2.7 – Review of timing and certainty of capital funding assumption as detailed in the business plan for the procurement of the facility  
Members were provided with a detailed update on confirmed and potential capital funding for the new facility.

3.5.7 Two further risks were raised with Corporate Governance and Finance Committee on 29<sup>th</sup> January 2015:-

- ensuring the best possible outcome for the Council regarding VAT;
- current and projected levels of construction inflation and the impact of delaying the timetable on the capital costs of the project

3.5.8 On 29<sup>th</sup> January 2015 members approved the allocation of £90,970 to facilitate the design and development of the leisure facility to RIBA Stage C, and £5,000 of funding to procure specialist VAT advice.

3.5.9 Expertise has been secured using the SCAPE procurement framework, and a breakdown of the works to be completed to RIBA C is attached at Appendix 1 (Exempt). The works are expected to be completed within a 12 week period, following an inception meeting on 18<sup>th</sup> February 2015.

#### 4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implications arising from this report.

4.2 An Equality Impact Assessment is not required at this stage.

#### 5.0 APPENDICES

Appendix 1 (**Exempt**) – Breakdown of works and fees for RIBA stage C works

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Corporate Governance and Finance Committee 6 November 2014 (Agenda item 11), Commercial Services Committee 12 <sup>th</sup> November 2014 (Agenda item 6), Corporate Governance and Finance Committee 29 <sup>th</sup> January 2015 (Agenda item 11)	Room FF103 The Grange Ely	Allison Conder Principal Leisure and Community Services Officer (01353) 665555 E-mail: <a href="mailto:allison.conder@eastcambs.gov.uk">allison.conder@eastcambs.gov.uk</a>