

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 1 DECEMBER 2009

Title:

NEW LEISURE CENTRE FOR GODALMING

**[Portfolio Holders: Cllrs Roger Steel and Mike Band]
[Wards Affected: Godalming & Surrounding Area]**

Note pursuant to Section 100B(5) of the Local Government Act 1972

Annexes to this report refer to exempt information by virtue of which the public may be excluded during the item to which the report relates, as specified in Paragraph 3 of part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report seeks approval to proceed to invite tenders for the construction of a new leisure centre in Godalming, to be built either on the existing site or the adjacent tennis court site.

How this report relates to the Council's Corporate Priorities:

Leisure is one of the Council's key priorities and the proposed capital investment supports the achievement of this in the long-term.

Environment is one of the Council's key priorities and it is the intention that the new centre will be as energy efficient as possible with the intention of it being an exemplar building.

Equality and Diversity Implications:

There are particular equality and diversity issues associated with the building of a new leisure centre such as improvements to access, the reliability and the quality of the leisure experience which will all be considered when evaluating any design proposals.

Resource/Value for Money implications:

In December 2008, the Council ring-fenced £2.6m of the overall £9.1m Leisure Strategy budget for a possible new leisure centre at Godalming. The Council approved outline capital costs for the overall Leisure Strategy and considered the estimated revenue impact of the capital investment. Members agreed to the capital spending and acknowledged that the net additional annual revenue cost, estimated

to be £110,000, would place extra pressure on the Financial Strategy. In taking that decision, Members accepted that savings would need to be identified in future budgets to offset this additional cost and that prudential borrowing of up to £5million would be necessary.

The proposals to build a new centre in Godalming are estimated to increase the overall capital spend on the Leisure Strategy from £9.1m to at least £11.6m. In order to contain the net revenue impact of the revised capital spend within the previously approved level, the consequent borrowing limit will need to increase from £5m to £7m to meet the additional capital costs. Based on the latest estimates, the exempt annexe shows that currently, for one of the new build options for Godalming, it should be possible still to deliver the Leisure Strategy within the previously approved net revenue cost. If further capital contributions can be secured it may be possible to contain the revenue impact of both options within the previously approved budget.

The capital costs of the two preferred site options are set out in this report, together with the estimated revenue consequences. Risk is evaluated in relation to the capital procurement. The Council is still in the process of negotiating terms for the contract therefore, the financial proposals for both revenue and capital are included in an exempt Annexe.

Legal Implications:

The legal requirements will be dealt with through the proposed contract between Waverley and the successful tenderer.

If the Tennis Court site is chosen Waverley will need to explore the restrictions on construction placed upon Broadwater Park by the King George V Trust managed by FIT (Fields in Trust). Waverley also has a 25 year lease with the tennis club with 21 years remaining; the Council would need the Tennis Club's agreement through negotiation to progress with the tennis club site.

Background

1. In July 2007, Waverley's new administration made improving our leisure centres a central corporate priority, committing to undertake large-scale improvements to the Borough's leisure centres. In February 2008, the Council reaffirmed this commitment and approved capital works for the leisure centres in Godalming, Farnham and Cranleigh with an estimated expenditure of £9.1 million.
2. When developing capital schemes for buildings of the age of the Godalming facility (36 yrs) it is essential to undertake a range of surveys and investigations to establish the true condition of the land and buildings. During 2008 a range of building surveys was undertaken with a view to undertaking a refurbishment project. A new build project would need further studies on ground and site conditions.
3. While Godalming Leisure Centre is currently in a safe condition, the condition surveys indicated that the fabric of the building is in a considerably worse condition than was previously understood, and that the mechanical and

electrical equipment is at risk of failure on a greater scale than previously predicted. There are also some major concerns about the pool tank. The surveys indicated that refurbishment works at Godalming could cause the pool tank to fail which would cost an estimated additional £750,000 to repair, not including the costs of prolonged closure. As a result of these findings the refurbishment works proposal were not agreed.

4. However, there remains a significant public desire to see the quality of leisure facilities available to people in Godalming substantially enhanced. Members agreed, in December 2008, to establish a project group to seek to develop proposals for a new Godalming Leisure Centre. The Project Working Group was assembled and chaired by Cllr Roger Steel, Portfolio Holder for Leisure. The group comprised of:

Waverley Borough Council

Cllr Stuart Connolly	Cllr Jane Thomson
Cllr Tony Gordon-Smith	Cllr Andrew Wilson
Cllr Tom Martin	Cllr Julian Hubble
Cllr Roger Steel (Chairman)	Cllr Stefan Reynolds
Cllr Ross Welland	Cllr Liz Wheatley

Other Interested Parties

Jenny Barnes	Representing WBC Liberal Democrats
Julian Oakey	Godalming Swimming Club
Bob Cox	Godalming Swimming Club
Chris Michael	Wey Valley Swimming Club
Mark Edwards	Wey Valley Swimming Club
David Anderson	Sport Godalming
Bill Braid	Sport Godalming
Nick Irvin	Broadwater School
Garry King	Representative of Users of the Leisure Centre

Officers

Kelvin Mills	Head of Leisure
Emma Dearsley	Democratic Services Officer
Graeme Clark	Head of Finance and Performance

5. As this group consisted of 22 individuals the Chair decided to split the group into three specific working parties to enable the group to deliver its objective:

i) Site Group – Chair Cllr Jane Thomson

The specific aim of this group was to explore the potential location for the new leisure centre. Looking at every potential aspect of the proposed sites, approximately 30 sites, of suitable size, were shortlisted for investigation. With planning advice provided to the group it produced a shortened list of the four most suitable sites to be considered by the main group.

The four sites proposed were:

Site 1 -	Broadwater Park	-	The Current Leisure Centre Site
Site 2 -	Broadwater Park	-	Tennis Centre Site

Site 3 - Broadwater Park - School Site
Site 4 - Town Centre - Crown Court Car Park

It was agreed by the main project group that the process which the site group had carried out, was comprehensive in terms of the original number of sites considered and the four recommended for further investigation. The main project group proposed that a cost benefit analysis report be carried out by expert consultants to analyse these sites in even greater detail. This would give the project group a clear steer on the most appropriate site taking into consideration the build cost, revenue cost, commercial viability, planning and timescale for delivery.

This piece of work was tendered and Max Associates were chosen to carry out this project; their full report is attached Annexe 1.

Members will need to have a pre agreed criteria for evaluating the two alternative sites once all of the information has been received. This criteria will include factors such as capital and revenue cost, timeframe, public opinion, social impact and potential planning and site issues.

ii) Facilities Group - Chair Cllr Liz Wheatley

The specific aim for this group was to ascertain the facilities that should be included within the new leisure centre to maximise usage and attractiveness to the local residents. It was agreed that a survey of residents should be carried out to gauge the feelings and requirements of those living in and around Godalming. A detailed survey was produced by the group and shared with the main group. The main group added to this questionnaire and agreed to go out to tender to administer this survey.

This tender process was carried out and SSMR were chosen to carry out this piece of work, their full report is attached Annexe 2. Based on the report's findings a headline list of facilities that will exist in the new leisure centre is attached in Annexe 5. Respondents were asked how important a number of sport and leisure facilities were to them with regard to inclusion in the proposed leisure centre. Using a scale with ranging from very important to not at all important, respondents were asked to rate these. Following this study, and with the cost constraints facing the Council, it is suggested that there are already sufficient alternative facilities in the area for squash, therefore it is not proposed to include squash in the new centre. This will enable higher priority facilities such as a learner pool to be included.

iii) Finance Group - Chair Cllr Roger Steel

The Finance Group met and discussed external finance opportunities. However given that this is predominantly a Waverley financed project the group had a limited opportunity to consider options, particularly in light of the developing picture in terms of site and facilities.

Key Issues

6. Time scale for Delivery

It has been a key objective of the Project Working Group to help and enable the delivery of the new leisure centre as quickly as possible, ideally within the next two years. While it is hoped that market conditions remain favourable the future is uncertain and the Council would want to secure the best possible deal to ensure the project is affordable. It has been a key aim of Project Working Group to be in a position to report to the Executive and full Council in December 2009 to seek approval to progress the project.

Officers have considered an indicative project timescale and have set out below potential key milestones. This programme does not allow for any protracted negotiations or land acquisition difficulties:

2010 Quarter 1

Agreement on tender process and production of detailed Employers Requirements including planning brief

Quarter 2

Invite Tenders

Quarter 3

Planning process
Tender period and evaluation

Quarter 4

Planning process
Council approval and award of contract
Potential mobilisation of contractor onsite

7. Funding for the New Leisure Centre
Exempt Annexe 3 sets out the indicative costs for the two preferred site options. The figures clearly show that there is a significantly higher cost for delivering on the tennis court site. While the figures presented in the annexe are best estimates at this point there are a number of factors that could impact on them as the project develops, such as planning and/or site issues and construction tender costs. The funding statement shows that the estimated balance of resources that is likely to accrue from the Cranleigh and Farnham elements of the Leisure Strategy has been utilised to help meet the new build costs.
8. The additional borrowing required takes the overall estimated borrowing level to just under £7m. Exempt Annexe 3 shows that, for the current site option, the estimated net revenue impact is slightly above the approved budget level of £110,000. In order to keep the revenue costs within this amount, a small shortfall in funding will need to be addressed and it is likely that this could be met from unspent contingency from the Cranleigh refurbishment project. The net revenue cost of the tennis club site option is currently significantly greater than the £110,000 level and a much higher level of additional funding will need to be identified in order to keep the revenue cost within the approved budget level. Officers will endeavour to identify additional sources of funding to minimise the overall borrowing requirement.

9. In pursuing Waverley's Environmental priority the Council wishes to optimise the energy efficiency of any new Godalming Leisure Centre. It is likely that this could incur additional capital cost. However this cannot be quantified until detailed proposals have been considered. Officers will aim to secure any grant funding that is available to support the delivery of this priority.
10. Risk analysis
Any major procurement, particularly one which involves a large building project, has risks associated with it and officers need to present these to members when key decisions are being considered. Officers have identified and analysed these risks throughout the project and the key risks associated with the financial and contractual issues covered in this report are set out in Annexe 4.
11. Project Management
This is major and complex project and having robust arrangements in place to oversee the project and ensure it is delivered on time and within budget is critical. It is proposed that the project management team at an operational level will comprise of Waverley officers, contracted advisers and DC Leisure, overseen by Corporate Management Team. Given the important nature of this project it is considered necessary to have a high level Officer / Member Steering Group, comprising of appropriate Portfolio Holders and other members. This group would periodically monitor the progress of the project and coordinate the community and communication interface.
12. Waverley has developed a successful project team for the pre and post tender work associated with the Cranleigh and Farnham refurbishment work. The primary advisers are DC Leisure and Press & Starkey and officers propose that this team is maintained for the delivery of the Godalming Leisure Centre project as it will bring continuity of expertise with a proven track record and would enable a quick commencement of this project. It is also necessary that appropriate advice be sought regarding the optimisation of the environmental aspects of the new building. Members are requested to approve, under Contract Procedure Rule W101 the appointment of DC Leisure and Press & Starkey as lead advisers subjective to satisfactory appraisal of price proposals. All other advisors and survey costs would be subject to normal requirements of contract procedure rules.

Recommendations

It is recommended that the Council approve:

1. that both the current leisure centre site and the adjacent tennis court site be short-listed as the preferred options for the new leisure centre location.
2. that the site selection criteria, which will need to take careful account of the capital construction costs, revenue implications, social impact, planning considerations and constraints, and public opinion, be agreed by the Executive at its meeting in February 2010, in advance of construction tenders being invited.

3. that the Deputy Chief Executive, in conjunction with the Finance and Leisure Portfolio Holders, hold discussions with the tennis club to enable potential development of the tennis court site, subject to these negotiations being concluded by 31st January 2010 and the outcome being reported to the Executive in February 2010.
4. that, based on the current funding forecasts, the capital programme be revised to include the overall leisure strategy costs at £11.6m, replacing the current £9.1m total, and the approved borrowing limit for the purpose of delivering the Leisure Strategy be increased from £5m to £7m.
5. that under the Contract Procedure Rule W101 the Deputy Chief Executive, in conjunction with the Finance and Leisure Portfolio Holders, appoint DC Leisure, Press & Starkey and a Green Advisor onto the Advisory Team, to take the project up to award of tender.
6. that the Council use its best endeavours to seek energy efficiency solutions and to minimise the carbon footprint through the procurement process.
7. that the Council approve the Project Management arrangements detailed in section 11, and delegate responsibility to the Chief Executive, in consultation with the relevant Portfolio Holders, to agree the membership of the Officer/Member Steering Group.
8. that the Executive approve the facility mix as set out in Annexe 5.
9. That the Chief Executive be authorised to place the appropriate notice in the Official Journal of the European Union announcing Waverley's intention to invite tenders for the construction of the new Godalming Leisure Centre.

Background Papers (SDCS)

Market Research carried out by SSMR

Cost Benefit Analysis report carried out by Max Associates

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