

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 05/02/2013

Title:

REFURBISHMENT - HERONS LEISURE CENTRE

[Portfolio Holders: Cllrs Julia Potts & Mike Band]

[Wards Affected: Haslemere]

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

Annexes to this report contain exempt information by virtue of which the public is likely to 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:

To obtain authorisation from the Executive to seek tenders for the refurbishment and improvement of The Herons Leisure Centre.

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

Improving leisure is one of the Council's key corporate priorities and this proposed capital investment supports the achievement of this aim in the long term.

Refurbished leisure centres which are modern, appropriately equipped and attractive are significantly beneficial to the community increasing public participation in exercise and improving the health and wellbeing of the surrounding community.

Equality and Diversity Implications:

The refurbishment work will be focussed upon ensuring the centre is DDA compliant wherever possible. Thorough consultation with users, non users and key focus groups will inform the tender documentation helping to inform tender documentation regarding equality and diversity issues.

Environment and Climate Change Implications:

Energy saving and renewable energy options will form an integral part of the tender documentation, with a specific emphasis on reducing the carbon footprint in line with the aspirations of the Council's Carbon management Plan adopted in April 2010. Learning from previous refurbishments and new build projects will help to inform these potential options.

Financial Implications:

Improvement to the net revenue position, which will be a combination of increased income and reduced running costs, will be necessary when assessing the cost-effectiveness and affordability of the scheme. Currently the net management fee is a positive amount of £2,500pa. Early discussions have been held with the operator, DC leisure. More detailed and robust negotiations will need to take place in parallel to the tender process for the works to ensure that Waverley achieves the best possible return from the capital investment, recognising that some elements of the project are not income earning improvements.

Lifecycle costs and future financial risks will also be considered when considering the viability of the project. Opportunities may exist to bring forward existing lifecycle works from future year's capital programmes during the proposed works and this will be considered when tenders have been received and discussions held with potential construction partners. Additionally, opportunities for renewable energy schemes may also exist and these, if identified, will be subject to a separate business case before being considered for approval.

The 2012/13 Capital Programme includes a provision of £700,000 with a further indicative budget of £1,300,000 included in subsequent years. The General Fund capital programme report, also on this agenda, proposes to increase the Herons budget by £400,000 to accommodate the additional grant-funded element of the scheme i.e. the changing room improvements. This element of the budget is subject to the grant being confirmed. A request is also made in the capital budget report to ring-fence up to £420,000 from the underspend on the Godalming Leisure Centre scheme in 2012/13 to bring the total capital budget up to £2,820,000. The additional £420,000 would be provisionally allocated and subject to a satisfactory business case being presented to Members alongside the outcome of the tender exercise.

Legal Implications:

The legal requirements of the refurbishment will be delivered through the proposed JCT contract between Waverley and the successful construction contractor. The project, as with the preceding refurbishments, will be tendered as a design and build contract reducing the construction and financial risk to the Council.

If the project is approved, it will also be necessary to formalise the renegotiated management contract with DC Leisure. One further element of consideration is the 'ownership' of the Herons Leisure Centre and the Council's relationship with the Shottermill Charitable Trust.

Charitable Trustees, in this case councillors, are legally required to act in the best interests of the Trust and exercise their own independent discretion. The Trust remains a viable charity fulfilling its objectives. Equally Members of the Council are obliged to act in the best interests of the Council and Council Members should ensure that the funds it is investing in the Trust are protected. While the objectives of the Trust and the Council coincide, which they have done for the last 100 years, and there is no obvious reason why that will not continue, then there will not be an issue.

However, it is officers' advice that a legal agreement should be drawn up to protect the Council's long term investment. As the Council as Local Authority and the

Council as Sole Trustees of the Shottermill Recreation Trust are separate legal entities then it is lawful to draw up an agreement between the two bodies. The Charity Commission has confirmed their agreement to this in Guidance Notes "The independence of Charities from the State". The agreement would provide for repayment of the funds for a number of reasons for example if the monies are not expended in accordance with the purposes of the award or if the Trust was brought to an end, as an extra safeguard the Council as the local authority could also put a legal charge on the land.

Officers will prepare the necessary legal documents and, once the scheme proposals have been developed further and tenders received, these documents will be reported to Members and the Trust Board for consideration and approval.

Background

1. In July 2007, Waverley's administration made improving our leisure centres a central corporate priority. Committing to undertake large scale improvements to the leisure centres throughout the borough. In February 2008, the Council reaffirmed this commitment and approved capital works for the leisure centres in Cranleigh, Farnham and Godalming.
2. Refurbishments were completed on time and within budget in 2010 at Cranleigh and Farnham leisure centres and a new Godalming Leisure Centre was opened ahead of schedule, and within budget, in the autumn of 2012. This capital investment has enabled Waverley to create a strong leisure portfolio culminating in a substantial increase in leisure centre usage throughout the newly created centres.
3. Following the Council's manifesto pledge in May 2011, which included the refurbishment of the Herons Leisure Centre, Officers have explored the potential for development of the leisure centre and the associated impact on the management fee.

Introduction

4. The Herons Leisure Centre is now fourteen years old and, although still performing well, is beginning to look tired and is now not up to the same standard as Waverley's other new or newly refurbished centres. In order to improve the quality of leisure provision capital investment is required.
5. Given the age of the centre and the increasing demand issues have started to arise regarding the facilities offered at the Herons. Whilst usage has increased customer satisfaction has decreased which can predominantly be attributed to the condition, age of the facilities and the centre.

Consultation

6. Customer needs and expectations have changed considerably over the last fourteen years and the refurbishment of the leisure centre will provide the opportunity to review and address all of these aspects for the community.
7. Public consultation with users, non-users and key focus groups will help inform the tender documentation and ensure the community's priorities of provision are addressed. This important consultation is being carried out by

Ploszajski Lynch Consulting Ltd experts in this field who's credentials can be seen at Annexe 1.

Proposed Phasing / Works

8. Officers have carried out initial discussions with DC Leisure and the development team to look at potential areas which will have the most positive effect on the management fee and the indicative costs of the capital refurbishment required.
9. The intention, as delivered in Cranleigh and Farnham, is to keep the centre open throughout the refurbishment thus reducing the impact on the operation and usage of the centre. The key element to keep in operation to keep closure costs to a minimum will be the continued provision of the gym throughout the construction project. Therefore phasing will be carefully considered when composing the tender documents and in clarification meetings with potential contractors.
10. The figures in (Exempt) Annexe 2 to this report should be regarded as the best estimate at this time. They are based on the basic design proposal and are subject to consultant feedback regarding ground, structural and mechanical and electrical conditions. The actual design proposals will be developed by the contractors during the tender period and the final costs and proposals will be known when tenders are returned. The Council will then be presented with a range of costed design options for consideration along with their respective revenue implications.
11. It is proposed that the refurbishment works will split into options for pricing to allow flexibility when choosing the final design the detail of which will be informed by the feedback from our user and non user consultation, at present the options are proposed to be tendered as follows:
 - Extend current gym area and create a dance studio and improve the quality of the dry changing facilities;
 - Refurbishment of the wetside changing village;
 - Pool Hall improvement;
 - Reception Area improvement
 - Renewable energy sources will be presented individually for consideration as a separate business case for consideration.
12. As the project will competitively tendered, it is important that indicative costs are presented in (Exempt) at this stage and the estimates are shown at (Exempt) Annexe 2.
13. A grant application was made to Sport England, in partnership with DC Leisure, as part of their commitment to Olympic Legacy for the work relating

to the wetside changing room. It has been confirmed verbally that we have been successful but await written confirmation.

The Edge

14. If authorisation is received for this refurbishment project it will ensure that the Herons leisure centre will have all of the required facilities to operate as a stand alone facility. This means there will be less reliance upon the Edge leisure centre to deliver an element of the programme of activities required at the Herons. These proposed improvements will enable to the Council to objectively review the operating model for the Edge into the future.

Conclusion

15. The current facility at the Herons needs to be modernised and improved to reduce future operating liabilities for the council, enhance the leisure offer to the residents of Haslemere and the surrounding area and complete the Administration's commitment to the leisure strategy.
16. Any capital investment must be made within the financial affordability envelope and where possible reflect the wishes of users, non users and key focus groups to ensure the improved facility benefits the community and results in an increase in usage along the lines of those experienced at Cranleigh, Farnham and Godalming Leisure Centres.
17. By implementing a tender process with options as detailed above, the required works can be adjusted and therefore accommodated within the existing capital budget.
18. The work carried out by Waverley on the leisure centre reflects the objectives of the Shottermill Trust and the Council.

Recommendation

That the Executive:

1. recommends to the Council that tenders should be issued for the major refurbishment of the Herons Leisure Centre, as described in this report
2. authorise officers to negotiate with DC Leisure to agree the revenue impact of the capital scheme on the management fee
3. requests officers to report back to a future meeting of the Executive with the outcome of the tender exercise and a detailed business case for the project including the revenue implications

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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