

**Waverley Borough Council**  
**Report to: O&S Services Committee**

**Date:** 26 September 2023

**Ward(s) affected:** Cranleigh

**Report of Director:** Transformation & Governance

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**Report Status:** Open

## **Cranleigh Leisure Centre new build update**

### **1. O&S Services Committee Summary**

This report provides the O&S Services Committee with an update on the Cranleigh Leisure Centre new build project, which is progressing on programme.

### **2. Exemption from publication**

This report is not exempt from publication.

### **3. Purpose of Report**

This report provides an update on the Cranleigh Leisure Centre investment project. Focusing on the outcomes of Stage 1 and the impact of the current project position and market on the business case. It is also the appropriate time to gain feedback from Committee members.

### **4. Strategic Priorities**

4.1 The Leisure Management Contract and delivery of a new build Cranleigh Leisure Centre directly links with Waverley's Corporate Strategy 2020-25 and our strategic priorities:

- Supporting a strong, resilient local economy
- Taking action on Climate Emergency and protecting the environment
- Effective strategic planning and development management to meet the needs of our communities
- Improving the health and wellbeing of our residents and communities

- 4.2 The provision of quality leisure facilities will directly facilitate the Council's vision to promote:
- high quality public services accessible for all
  - a financially sound Waverley, with infrastructure and resilient services fit for the future
  - a strong, resilient local economy, supporting local businesses and employment
  - effective strategic planning and development management which supports the planning and infrastructure needs of local communities
  - a sense of responsibility by all for our environment, promoting biodiversity, championing the green economy and protecting our planet
  - the health and wellbeing of our communities.
- 4.3 The new leisure centre will contribute to the Climate Emergency motion adopted by the Council in September 2019. The leisure centre project is specifically identified in the action plan and strategy and will significantly contribute towards reducing organisational emissions and the council's aim to become carbon-neutral by 2030.  
*Waverley will identify ways to reduce carbon from our own non-domestic buildings: We are working on delivering a new Passivhaus standard leisure centre in Cranleigh which will drastically reduce the energy requirements of the current unsustainable building which needs to be replaced.*
- 4.4 Future investment in leisure facilities is based on a robust feasibility assessment that offers value for money to the Council. External funding and developer contributions will be sought to support funding of any capital cost.

## **5. Background**

- 5.1. Following Council commitment to a multi-million-pound investment in leisure facilities in Cranleigh, the Sport, Leisure and Culture Consultancy ('SLC') were appointed to conduct an Options Appraisal to explore the alternative site options for development of a new leisure facility for Cranleigh.
- 5.2. In March 2020 the Council put all corporate projects on hold due to the Covid-19 pandemic.
- 5.3. In September 2021 a Feasibility Update Report was undertaken by SLC to test conclusions from the earlier, pre-pandemic Options Appraisal.
- 5.4. At full Council on 14 December 2021, it was approved:
- that a capital budget of £19.95m be allocated to deliver a low carbon new-build Cranleigh Leisure Centre, to a minimum of Passivhaus standard;
  - that officers appoint a project manager and specialist energy consultant as part of the professional technical services team, to be supported by an in-house client team and to approve an associated budget of £250,000;
  - to approve a new-build leisure centre on Village Way car park, subject to planning, (Option 1, to the north of the existing centre) as the preferred location, as set out within Annexe 1 of the report; and
  - to ask officers to report back to members when final costs, design, preferred contractor, and precise funding arrangements are known.

- 5.5. A Project Working Group (PWG) was duly formed to deliver a new leisure facility for Cranleigh that will meet the demands of the local community, in terms of facility mix, but also deliver a low carbon building in accordance with Waverley's net zero carbon by 2030 commitment.
- 5.6. Following O&S Services Committee approval on 7 March 2023, the procurement process for the design team services for CLC new build was completed. GT3 Architects were awarded the contract for the design team and other professional services required.
- 5.7. GT3, and the wider design team, subsequently completed stage 1 in May 2023 and issued a report to provide a robust and developed brief for all elements of the project. Works in this stage included developing the schedule of accommodation from the bid brief, the proposed building location and site wide strategy and the proposed sustainability strategy. Stage 1 was approved by Project Board on 19<sup>th</sup> June.
- 5.8. Following stage 1 sign-off, Stage 2 commenced to look at the concept design and completed on 14<sup>th</sup> August. Items reviewed included the cost plan strategy, co-location requirements, detailed work around the overall site and zones, detailed discussions around the Sustainability strategy, agreeing the wider consultation strategy, conducting and reviewing the Vision Workshop results to inform the design, outlining additional surveys and information required.
- 5.9. Running in tandem, but as a separate project, the Leisure Management Contract (LMC) procurement commenced in early 2022. The programme for the new build project is inextricably linked and informed by the LMC and associated business case. Throughout 2022 the PWG worked on the service specification for the Contracts and completed a comprehensive open tender process.
- 5.10. The Leisure Management Contract has been successfully tendered and awarded to Everyone Active. The new contract commenced on 1<sup>st</sup> July 2023, securing a positive financial return for the Council for at least 10 years.
- 5.11. Everyone Active will manage the current leisure centre and play a critical role in the detailed development of the new leisure centre design and specification.

## **5.12. Facility costs**

- 5.13. The original project budget of £19.95 million was provided by Castons Chartered Quantity Surveyors in September 2021. This figure reflected the outcomes of the Feasibility Study, the live 2021 market position and an energy efficient design.
- 5.14. GT3 and the project QS, Faithful & Gould (F&G), have been working with the design team to review build costs based on current fees, inflation, building material costs and passivhaus certification. The indicative high level cost for the current design brief is c. £30 million.
- 5.15. During the next detailed design phase, the Design team will consult with stakeholders and explore other options, which could reduce the build cost. However, it is important to note that this would require changes to the original facility mix scope and would impact on the services/facilities currently provided.

- 5.16. Due to the significant difference in the original approved budget and the revised current budget, F&G has conducted a budget estimate review to highlight the key differences between the two cost plans, in terms of scope and scale. These include, but are not limited to;
- a) Rates – significantly increased and reflect live market tested data, updated for inflation and location factors.
  - b) Area – original concept did not allow for the necessary operational allowances and gross internal wall area.
  - c) External works – specifically regarding incoming services, drainage, and surfacing.
  - d) Professional fees – fees in original bid that are now not realistic and do not reflect the current position.
  - e) Contingencies – the percentage is the same at 10%. However, the difference in the figures results in an additional cost.
  - f) Passivhaus – the build costs now reflect the inclusion of Passivhaus standard construction and certification to provide a guarantee for achieving low carbon principles.
- 5.17. F&G will develop the costs throughout the next phases as the facility mix is agreed and design is further refined.

### **5.18. Low carbon principles and Passivhaus**

- 5.19. Costs indicated reflect building a passivhaus certified leisure centre. It is a solution that gives a range of proven approaches to deliver a building that helps to improve the health and wellbeing of users.
- 5.20. Cranleigh Leisure Centre, if designed and constructed to meet the Passivhaus standard to certification, has the potential to become an exemplar low carbon and low energy leisure centre.
- 5.21. Prior to Cranleigh the appointed design team have worked together on the two Leisure Centres in the UK that are at the forefront of Passivhaus design – St Sidwells Point (the world's first multi-zonal Passivhaus Leisure Centre) and Spelthorne Leisure centre, (UK's 1st wet and dry Passivhaus leisure facility). All this Passivhaus low energy learning has helped inform and shape the Cranleigh design to date.
- 5.22. A Passivhaus certified design for Cranleigh will guarantee the energy and operational carbon performance of the building. There is no other standard with proven evidence that can guarantee this.
- 5.23. The initial Passivhaus design parameters included at this stage for Cranleigh are:
- Siting the building to maximise solar gain
  - Solar orientation with the hot pool zones facing direct south and cool zone facing north
  - Thermal zoning
  - Optimising MEP plant strategies to reduce pipe and duct runs
  - Reviewing structural strategies to limit thermal bridging
- 5.24. These are the very first and important Passivhaus steps to set the design for energy optimisation and aim for simplification in design and construction of the centre. Passivhaus Certification can only be achieved by the whole design team, the main contractor and their

sub-contractors rigorously following the Passivhaus Certification methodology at each RIBA design and construction stage.

- 5.25. Other low energy/carbon in use methodologies will not guarantee performance and do not offer independent verification as robust as the Passivhaus Certified standard.
- 5.26. When compared to a leisure centre designed and built to modern standards, such as Part L of the Building Energy Regulations, Cranleigh has potential energy savings as high as 50 to 60%, which will continue throughout the life of the project.
- 5.27. In addition to energy savings the Passivhaus approach will bring enhanced design and construction quality control to the project resulting in a more robust and resilient building in terms of energy use and future climate adaptation. Of all building types, applying the proven and tested low energy Passivhaus Certified standard makes most sense to a leisure centre.
- 5.28. Due to the high energy loads associated with leisure buildings the added investment in fabric and services provides a quicker rate of return than other low energy standard building types. A high performing thermal envelope coupled with airtight construction will mitigate against rising energy costs and will also better protect the building fabric, helping to extend the building's lifespan.
- 5.29. A detailed passivhaus report and payback analysis has been conducted by Gale & Snowden, comparing the existing facilities to a new build passivhaus leisure centre. Initial assessment based on previous energy consumption and a baseline expected energy saving of 40% indicate a payback for passivhaus standard of between 9 & 15 years, depending on the level of energy inflation.
- 5.30. The Passivhaus methodology is the best long term value and the most logical choice to progress this project.

### **5.31. Programme**

- 5.32. The programme has been reviewed by the Design team and updated to reflect the latest project information.
- 5.33. Subject to Council approval in October, the design, planning and contractor procurement will take place during 2024, with construction (including demolition and external works) following and completing in 2026.
- 5.34. It is important to note that the indicative programme is subject to change when the building contractor is procured.

## **6. Consultations and Stakeholder engagement**

- 6.1. A detailed Communications Strategy has been developed by our Communications and Engagement team, in partnership with GT3 and Everyone Active, to ensure that all necessary elements of the programme are fully considered.

- 6.2. The plan includes the identification of all stakeholders and a comprehensive proposal for each stage of engagement. It is a living document that will develop and respond throughout the term of the project.
- 6.3. As part of the strategy and Stage 3 we will enter into a detailed stakeholder consultation process. This will inform the review and refinement of the facility mix and ultimately the business case that will dictate the facility design.
- 6.4. Next steps will include a survey to gather feedback from key leisure centre users, in addition to initial informal discussions with key external stakeholders including the Parish Council, Co-op, Health Centre and Market.
- 6.5. Following that will be wider consultation and the formal planning pre-application process, which will be led by the Planning Consultants.
- 6.6. Key stakeholders will continue to be involved at all relevant stages of the project moving forwards.

## **7. Key Risks**

A comprehensive Risk Log is in place, which is monitored by the CLC new build Project Working Group and Project Board.

## **8. Financial Implications**

The indications from the architects and cost consultants are an increase in capital costs of the project. Once more detail is known on this, and the ongoing revenue impact is known, further financial feasibility work will be undertaken. This detail will be brought back to members for review alongside the project approval in coming months.

## **9. Legal Implications**

The procurement process/es will comply with UK procurement legislation and the Council's procurement procedure rules.

## **10. Human Resource Implications**

- 10.1 A Project Working Group has been formed incorporating all relevant service areas, including (but not limited to); Leisure, Sustainability, Procurement, Property, Finance, Legal, Estates/Assets.
- 10.2 It is imperative that staff resources from all identified teams are allocated to ensure the success of the project.
- 10.3 Additional staff capacity is required within the Leisure team to manage this project accordingly.

## **11. Equality and Diversity Implications**

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

## **12. Climate Change/Sustainability Implications**

- 12.1 A new build leisure centre is the opportunity to make a significant contribution to the council's commitment to become zero carbon by 2030.
- 12.2 Cranleigh Leisure Centre accounts for 11% of the council's greenhouse gas emissions therefore the impact of a Passivhaus/low carbon building could be significant, potentially reducing the carbon emission and energy cost of the new build by 50%-60%.

## **13. Summary of Options**

All possible options have been considered have been incorporated into the report above.

## **14. Conclusion**

- 14.1 The indicative build cost estimate is currently c. £30M based on the current facility mix.
- 14.2 Building to passivhaus certified standard has been fully explored and costed as an integral part of the project, to minimise carbon and energy usage.
- 14.3 As per the original Council approval and specified facility mix the project has been costed on the current facility provision. Following stakeholder consultation, the facility mix will be refined in the next detailed design stage.

## **15. Background Papers**

- Cranleigh Leisure Centre new build - O&S Services Committee report (7 March 2023)
- Cranleigh Leisure Centre Investment - O&S Services Committee report (30 November 2021)
- Cranleigh Leisure Centre Building Survey - Condition Appraisal (July 2022)
- The Sport, Leisure and Culture Consultancy - Cranleigh Leisure Centre Feasibility Study Update (September 2021)
- Cranleigh Leisure Centre energy efficiency and carbon reduction review (February 2020)
- The Sport, Leisure and Culture Consultancy - Cranleigh Leisure Centre Options Appraisal (July 2019)
- Leisure centre Investment: Farnham Godalming and Cranleigh - O&S Services Committee report (10 July 2018)
- Indoor Leisure Facilities Strategy (May 2017)