

CABINET

3 December 2014

THE OVERVIEW AND SCRUTINY COMMITTEE

8 December 2014

RIVER PARK LEISURE CENTRE – OPTIONS FOR FURTHER CONSIDERATION

REPORT OF CORPORATE DIRECTOR

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RECENT REFERENCES:

CAB2553 – Cabinet - 12 February 2014

EXECUTIVE SUMMARY:

The report presents the details of the feasibility and cost appraisal commissioned from Roberts Limbrick Architects and MACE on the options for a replacement for River Park Leisure Centre. Based on the analysis presented in the report it is suggested that the Council consider three options as still feasible. However, progression of any of these will be subject to affordability and may only prove to be feasible if supported by substantial external funding. This is also subject to the Council determining its priorities against other competing demands in a period when it will continue to face challenging budget constraints. The option to refurbish the existing Centre remains available.

RECOMMENDATIONS:

It is recommended that:

- 1 Cabinet notes the information provided in the [Outline Facility Brief and Options Appraisal](#) carried out by Roberts Limbrick and MACE.
- 2 Options 1/ 1A, rebuilding on the existing footprint of River Park Leisure Centre, are not considered further.
- 3 Option 3, a new building on the existing tennis courts and artificial turf pitch, is not considered further.
- 4 Options 2, 4 and 5 are further evaluated to determine their affordability, and a further report submitted when the financial implications are clear.
- 5 The Head of Estates be asked to prepare a scheme for the refurbishment of the existing building to provide an estimated 15 years of additional lifespan.
- 6 The position on external funding and on the approach to Tesco regarding the Garrison Ground is noted, and a further report be brought back to Cabinet on the conclusion of negotiations.

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DETAIL:

1 Introduction

- 1.1 At its meeting on 12 February 2014, Cabinet agreed to commission detailed appraisals of the feasibility of providing a replacement leisure centre building at either North Walls or Bar End. Cabinet also asked for further information on the position of potential funding partners such as the University of Winchester, and on the prospects of agreement with Tesco PLC regarding the use of land at Bar End.
- 1.2 This report summarises the outcome of the work carried out since then and asks Cabinet to determine what further work is to be carried out before a decision is made on which option should be confirmed.

2 Roberts Limbrick/MACE report

- 2.1 Following the Cabinet meeting, officers invited proposals and fee bids from six leading architects' practices which specialise in large scale public leisure projects to provide a detailed and costed analysis of the various site options. Roberts Limbrick Architects, a nationally renowned project management consultancy were appointed (supported by Mace and other specialist consultants), and their report has been received and published. It is available from the Council's website along with other supporting technical work which has been undertaken. Officers consider the report to be comprehensive and thorough, providing a reliable basis for decision-making. The River Park Leisure Centre Members Reference Group has discussed a draft of the report and received a presentation from the Project Team. The Reference Group supported the narrowing of the options as suggested in the recommendations set out in this report.
- 2.2 The River Park Leisure Centre Informal Scrutiny Group will also have discussed the report by the time that Cabinet meets and any comments they have will be reported to the meeting.

- 2.3 Roberts Limbrick and Mace were asked to test the design feasibility of constructing a new centre, based on the facility mix previously agreed by Cabinet, for both North Walls and Bar End locations. This included testing the option of a 50m pool on each of the options, taking into account the additional space requirement this would require and assessing the additional capital cost. Where a rebuild on the existing site was being considered, the team examined both a phased approach and an option to demolish the existing centre in its entirety and rebuild from a cleared site.
- 2.4 The consultants were not asked to provide a 'preferred option'. Their report is evidence and it is for the Council to decide what conclusions to draw from it.
- 2.5 For each location the appraisal has concluded that a facility could be constructed (albeit with some significant constraints in more than one case). For each option it is possible see how much flexibility exists, in particular the scope for additional facilities to be provided now or at a later date, and the opportunity that would exist to produce a design which is both operationally efficient and of high architectural quality. Mace has provided an analysis of the phasing and development issues, which is particularly important where rebuilding in situ might be considered. Mace has also provided the cost information for each option.
- 2.6 A summary of the estimated cost of each option is provided at Appendix 1. This table includes the figures from Roberts Limbrick/Mace for construction-related costs, (including inflation and contingencies), as well as an estimate by the Head of Estates of any additional land acquisition and third party costs, but excluding the lost opportunity costs of alternative development at Bar End. The independent advice the Council has received regarding the likely cost of land acquisition from Tesco is not disclosed as it is not in the public interest to reveal to Tesco what negotiating position the Council might take. However, the estimated figure has been provided for within the totals.
- 2.7 As the table in Appendix 1 shows, the cost of any replacement building is very high, ranging between £22m and £29m. The costs are all real costs associated with a project of this type in the current market. They are consistent with the cost projections of other recent and current projects and are considered realistic. Members will be aware of the well-established concept of 'optimism bias' in project management (or those promoting a particular project) where assertions are made that a project will not cost what professional advice suggests it will. It would be sensible not to allow optimism bias to play a part in any decision of this scale.
- 2.8 Based on the report, your officers' view is that two options (options 1 (and 1a) and 3) can be set aside from further consideration. Option 1 (and 1a) is for a rebuild of the centre on its existing footprint, leaving all other surrounding facilities in situ. This could only be accomplished with the loss of dry side facilities at River Park for the duration of the rebuild (or all the facilities for a shorter period if the centre were demolished in one go). It has a high risk profile for uncertainty in the timescale of the construction process. Unless

there is an acceptance that the community would 'do without' its facilities for a substantial length of time, which appears unlikely, this option cannot be pursued.

- 2.9 Option 3 is to build on the land currently occupied by the existing tennis courts and Artificial Turf Pitch (ATP) at North Walls. With this option, a new centre would be built adjacent to the existing building, which could then be demolished once the new centre became operational. This option was highly contested by the 'Save the Rec' group which has asserted that this option represents an unacceptable loss of recreational space (to them).
- 2.10 In addition, an application has been lodged with Hampshire County Council for this site to be registered as a Town or Village Green. If the application were to be granted, building work would only be possible if the consent of the Secretary of State is obtained, or the land is de-registered by offering replacement land, both of which are lengthy processes with no guarantee of a successful outcome. However, since the application was lodged, the Supreme Court has ruled on a similar situation involving land owned by a local authority which was used by the public over a period of time. The Court held that in such circumstances, such use was insufficient for the land to be deemed village green land. It is therefore likely that the City Council would be able to successfully oppose the application on the same basis.
- 2.11 The application has not been processed by the County Council as it was waiting for the results of this case. Although it is likely that the application could be successfully opposed, as set out above, there are other factors which weigh against this option.
- 2.12 It is feasible to build on this footprint but the resultant layout is not endorsed by the architects and would be operationally inefficient. There would be no scope for adding any additional facilities. This option is the least expensive and would not curtail the operation of the existing centre. It would also secure provision at North Walls which officers consider the best location for a sustainable local facility. However, in view of the unsatisfactory layout, constraints on expansion and the likely opposition, it is not considered an option which should be pursued.
- 2.13 This leaves Option 2 at North Walls and the two options at Bar End to be further considered.
- 2.14 Option 2 would be the rebuild of the centre on the whole of the 'island' site at North Walls, currently occupied by the existing building, the bowls centre and the skateboarding facility. Due to the greater working area, this option would enable a phased building programme which would mean much less disruption to existing users. New facilities could be built and brought into use before the 'old' elements are closed and redeveloped. However, this option has a number of serious disadvantages. It would mean agreeing terms with the indoor bowls club for a replacement facility within the new building. It would be possible to incorporate a replacement bowls hall (at a cost) and this might be acceptable to the Club, but they would lose their facility for at least a year,

something about which they are deeply concerned (there is no alternative location on which a replacement building could be provided). The cost of a phased rebuilding is very high and carries substantial risk. Even if the rebuild were to proceed smoothly it should not be assumed that there would be no disruption to existing users. Option 2 is feasible but the prospects that it could be delivered within financial constraints are very limited.

- 2.15 Options 4 and 5 at Bar End are both shown to be feasible as a location for a new facility. The problems for provision at Bar End remain as cost (both in terms of the loss of potential development income from other uses of the Bar End depot, and of acquiring land from Tesco and/or the University), land assembly (including dealing with the fact that some of the land required for Option 5 is subject to restrictions from its status as a King George V playing field) and potentially planning. However, these should be explored further to test how they might be resolved.

3 External funding

- 3.1 The total cost of a replacement facility is likely to be beyond the Council's resources, and therefore the amount of funding that the University or County Council might offer may be a determining factor.
- 3.2 Discussions have continued with the University of Winchester regarding any financial contribution they might make to a new facility, which would be of benefit to its students. The University has confirmed that it would consider assisting a project at Bar End; a potential financial contribution along with terms is in discussion. The University has also confirmed that its position on the length of the pool is ambivalent.
- 3.3 Discussions with Hampshire County Council are also on-going. The County Council is considering whether its own support for sport in Hampshire could be furthered in Winchester.

4 Tesco and the Garrison Ground

- 4.1 Officers have met with representatives of Tesco and sought independent valuation advice on the likely cost of acquiring land at Bar End, both to safeguard the existing playing fields and to obtain the right to build new facilities. The Head of Estates will be seeking to agree terms with Tesco and the outcome of these discussions will be the subject of a further Cabinet report. The likely cost of this transaction is not known and it would not be in the public interest to reveal to Tesco the advice the Council has received.

5 Conclusion

- 5.1 The Council has now received comprehensive advice on the feasibility of locating a replacement leisure centre building at all of the candidate locations. It also now has an assessment of the likely build cost of those options. With this information to hand, Cabinet is in a position to narrow the options for

further work, in particular for the preparation of more detailed assessments of the likely income generation from a new facility, work which is now under way.

- 5.2 As the cost of a new facility is considerable, it would be prudent to ensure that the option of a medium term refurbishment of the existing building is also considered fully.
- 5.3 If the Council does decide to progress one of the options for the replacement of the Leisure Centre, then it will need to give careful consideration to the most appropriate mechanism for the procurement of professional services and a construction contract. Arrangements with the existing leisure centre management contractor provide a mechanism for dealing with the provision of a new leisure centre during the life of the management contract, but it is not possible to implement this mechanism until the Council is clear about its plans.

OTHER CONSIDERATIONS

6. COMMUNITY STRATEGY AND PORTFOLIO HOLDER PLANS (RELEVANCE TO):

- 6.1 The provision of public sports and leisure facilities will make a contribution to improving the health and well being of the community.

7. RESOURCE IMPLICATIONS

- 7.1 This report does not seek any decision regarding the use of resources or any further commitment. However, it can be seen from the report that the Council will shortly have to make a decision with potential major financial implications.
- 7.2 Under the Prudential Code, local authorities are required to have full regard to affordability when setting the future capital programme. Such consideration must include the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Council is required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts. The Code requires that capital expenditure plans are Prudent, Affordable and Sustainable.
- 7.3 The current capital programme includes a provision of £4.190m for essential works to the current River Park Leisure Centre. Any increase to this expenditure is likely to require prudential borrowing.
- 7.4 It is highly unlikely that the Council could make a prudent decision to commit to significant capital expenditure. A new build replacement for River Park probably depends on the availability of substantial external funding and difficult decisions on competing priorities, as budget constraints will continue to be challenging.
- 7.5 The option to refurbish the existing centre to extend its lifespan at a manageable cost is increasingly relevant to the decision-making process. It is

therefore suggested that the Head of Estates be asked to prepare a costed schedule of works to give the centre resilience for approximately 15 years (i.e. until approximately 2031, with the existing management contract expiring in 2023).

7.6 Costs incurred to date on the consideration of options amount to £92k.

8. RISK MANAGEMENT ISSUES

8.1 The report addresses a number of risk management issues and it is not necessary to restate them.

8.2 However, there are a number of significant risks associated with the continued use of the existing building. The pool hall roof fixings are failing and there is a significant risk that the roof covering will need to be replaced or extensive repair works undertaken to it in the short term. In either event the pool would have to close to allow the works to be undertaken and this is likely to incur compensatory payments to the operator.

8.3 The air handling plant serving the existing centre is at the end of its economic life and will require renovation or replacement in the short term. There is a risk that the equipment could gradually fail.

8.4 The existing centre would benefit from a refit to meet current customer expectations. The risk associated with not continuing to upgrade the centre is that customers are gradually attracted to use other venues in the vicinity of the M3.

9. BACKGROUND DOCUMENTS:

Roberts Limbrick Architects' [Outline Facility Brief and Options Appraisal](#) and Mace's accompanying [appendix report](#) (published on the Council's website)

10. APPENDICES:

Appendix 1 – Cost Schedule Centre Replacement

Appendix 1**Cost Schedule Centre Replacement**

Known Nov 2014

| | Existing leisure centre site (2 phases) | Existing leisure centre site (1 phase) | Existing site with bowls centre (2 phases) | Existing site with bowls centre (1 phase) | Tennis courts & ATP site | WCC ex-depot and Tesco owned Garrison ground | WCC, HCC & University land |
|---|---|--|--|---|--------------------------|--|----------------------------|
| | North Walls Option 1 | North Walls Option 1A | North Walls Option 2 | North Walls Option 2A | North Walls Option 3 | Bar End Option 4 | Bar End Option 5 |
| Estimated programme (in weeks) | 215 | 164 | 207 | 139 | 143 | 144 | 144 |
| Estimated Project Cost* (p.87 Roberts Limbrick Report) | 24,681,000 | 22,776,500 | 27,586,000 | 25,706,000 | 22,295,000 | 25,183,000 | 24,698,500 |
| Additional Costs <i>estimated to date</i> (e.g. land acquisition, replacement facilities, etc.) | 0 | 0 | 300,000 | 300,000 | 0 | 3,000,000 | 1,250,000 |
| Total Estimated Project Cost | 24,681,000 | 22,776,500 | 27,886,000 | 26,006,000 | 22,295,000 | 28,183,000 | 25,948,500 |

Notes

The table above estimates capital costs **only**. The impact on the revenue account is currently being considered

The table above does not take account of the opportunity costs associated with each option

All options are based on the same facility brief (approximate gross floor area of 7,340m²), however Option 2 & 2A also include an additional 2,027m² due to the incorporation of an indoor bowls centre within the leisure centre

The facility brief for this exercise is based on a 25m pool with a learner pool. The estimate for a 50m pool would be an additional £1.4M (p.87 Roberts Limbrick report)

*This includes construction costs, professional fees at 10%, contingency at 10%, site specific abnormal costs and inflation as set out in *Outline Facility Brief and Options Appraisal Report* produced by Roberts Limbrick Architects and Mace