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Winchester City Council

Meeting	Cabinet (Leisure Centre) Committee
Date and Time	Monday, 11th February, 2019 at 4.30 pm.
Venue	Walton Suite, Guildhall, Winchester

S U P P L E M E N T A R Y A G E N D A

The following items were not notified for inclusion on the agenda within the statutory deadline. Therefore, the Chairman will need to decide whether or not to accept these items onto the agenda as matters requiring urgent consideration.

Agenda Item.

7. Minute extract from The Overview and Scrutiny Committee held 4 February 2019 (less exempt minute) (Pages 3 - 10)

(CAB3146(LC))

8. EXEMPT BUSINESS:

To consider whether in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(i) To pass a resolution that the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100 (I) and Schedule 12A to the Local Government Act 1972.

11. Exempt minute extract from The Overview and Scrutiny Committee held 4 February 2019 (Pages 11 - 12)

(CAB3146(LC) EXEMPT APPENDIX)

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8 February 2019

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CAB3146(LC)
CABINET (LEISURE CENTRE) COMMITTEE

REPORT TITLE: MINUTE EXTRACTS FROM THE OVERVIEW AND SCRUTINY COMMITTEE HELD 4 FEBRUARY 2019

11 FEBRUARY 2019

REPORT OF PORTFOLIO HOLDER: HEALTH AND WELLBEING

Contact Officer: Nancy Graham Tel No: 01962 848 235 Email ngraham@winchester.gov.uk

WARD(S): GENERAL

PURPOSE

To note the contents of the minute extract from The Overview and Scrutiny Committee held 4 February 2019.

RECOMMENDATIONS:

That the contents of the minute extracts from The Overview and Scrutiny Committee be noted and the recommendations for Cabinet therein be considered.

Appendices:

Appendix 1 – Minute extract from The Overview and Scrutiny Committee held 4 February 2019 (less exempt minute)

Appendix 2 – Exempt minute extract from The Overview and Scrutiny Committee held 4 February 2019.

Minute Extract from The Overview and Scrutiny Committee held 4 February 2019 (less exempt minute)

4. **WINCHESTER SPORT AND LEISURE CENTRE – FULL BUSINESS CASE (LESS EXEMPT APPENDIX)**
(Report CAB3082(LC) refers)

The Committee noted that the report was also due to be considered by Cabinet (Leisure Centre) Committee at its meeting on 11 February 2019.

The Chairman welcomed to the meeting Professor Neil Marriot, Deputy-Vice Chancellor Winchester University. Also present were Simon Molden and Taryn Dale from The Sports Consultancy (TSC) and Olivia Burton and Sean Clarke from MACE.

The Strategic Director: Place and others present gave a detailed presentation to the Committee on the Full Business Case. This is available to view as part of the agenda for the meeting on the Council's website. The presentation set out the development of the Leisure Centre and provided an overview of the findings of the Full Business Case that was before the Committee to consider.

Professor Marriot confirmed that the University of Winchester was to contribute £1.7 million towards the project and that the University were pleased to be part of the success of the new centre.

Key Deliverables and each of the fives specific areas of the Business Case were then explained.

Sandra Bowhay (on behalf of Winchester Netball Club) addressed the meeting. In summary, the Club was disappointed that the new centre was now to have a smaller sports hall than had been originally proposed as there was currently a shortage of adequate court space for netball. Ms Bowhay suggested that the Club had not been previously consulted by the Council with regards to agreeing a facility mix for the new centre and she urged there to be further consideration given to support the future growing needs of all basket sports in general.

Emma Back from Winchester SALT addressed the meeting. In summary, she referred to the previous proposals for the new leisure centre in 2016. This had sufficient facilities to meet current and future demand. In addition to this, it had been indicated that local clubs had made commitments to hire facilities which would have generated revenue to the new centre of more than £1.7 million. She was concerned that the leisure centre as now proposed was expensive in terms of its square footage and did not have sufficient facilities so to meet current and future demand. Furthermore the operating model appeared to be more suited to the operator preferences as indicated by the high cost of facility hire.

The Chairman advised that Mr Geoff Wright, resident of St Giles Hill had been unable to attend this rearranged meeting and had requested that his Questions be reported to the Committee. He had expressed that the Full Business Case was difficult to fully scrutinise with out sight of the exempt appendix. In summary, Mr Wright's questions included the following points. The Head of Programme's responses are also summarised below:

- What assumptions has the preferred operator made about numbers using the Bar End centre?

  The existing RPLC had user numbers currently of 600,000 per annum. The outline business case specified this as 900,000 and the new operator was predicting number of 1million visitors.

- How secure is the operator's annual payment to be made to the Council? How many years after break even in 2031 will the Council have recovered the deficit accrued in the years before break even?

  The operator's payment is to be fixed through a contract and based on CPI.

- What % operating deficit due to force majeure would trigger a renegotiation of the payments to the Council in year five?

  This was a matter that should be discussed in exempt session.

- What is the outturn cost of construction assumed in the full business case? Does that take account of the underspend this year that will almost certainly result in delayed completion that will put up cost?

  This was a matter that should be discussed in exempt session.

- What is the estimated cost per sq m of the leisure centre and how does that compare with comparable centres in recent years?

  This was difficult to accurately determine, as this centre was to be a high quality building design, with a specific facility mix, and comparable benchmarks are not readily available.

- What does the operator's contract say about damages to be paid on default, e.g. if the operator hands back the keys once he finds his revenues falling below expectation and potentially incurring a loss?

  There are specific Asset Management responsibilities within the operator contract, together with monitoring processes.

- What assurances could be given that the operators contract does not have loopholes in it that allow the operator to game the system so that costs,

that were intended should be the operator's responsibility, end up being picked up by the Council?

A Sports England standard template was used as so any potential 'loophole' had been removed. The Council has procured specialist legal advice.

The Head of Programme also responded to other comments raised during public participation. He set out that a wide range of local clubs had been consulted during the development phase. With regard to the new leisure centre not adequately supporting the expansion of dry side facilities, Members were advised that the facility mix for the new centre had been based on sound analysis, having regard to available hall facilities elsewhere. Therefore, local demand would be accommodated across other facilities in the District and the locality.

With the permission of the Chairman, Councillor Prince addressed the meeting raising points as summarised below:

- Concern of negative impact on the Council's General Fund until 2029/30. Was this to be funded form the Council's Reserves?
- The new leisure centre will not break even until year 44. There were several sensitivities within the overall project, such as it being delivered a year late or if maintenance costs increase.
- If the project was to not meet its business case parameters, then it was likely that there would be long-term pressures placed on the Council – when its future financial position was already uncertain.
- There were no guarantees within the Business case that costs were not to increase overtime.
- The leisure centre was about 25%, or £1, more per sq m than for other similar centres.
- There should be a analysis undertaken by this committee of contractor costs.

With the permission of the Chairman, Councillor Laming addressed the meeting raising points as summarised below:

- The business case for the new centre was flawed – you should be able to 'build' a business rather than for this to have been based on the same sized hall as currently existed at River Park.
- In terms of other local hall facilities, those due to be completed at Winchester College only had boy's changing rooms.
- The facility mix modelling was flawed. A 12 court hall was more financially viable.
- The leisure centre was designed to 'look good' as opposed to it meeting actual need.
- There had been no references supplied for the potential operators.

In response to some of the comments raised, officers clarified as follows:

- The 'break even' point would be in the future due to the initial repayment of construction costs and was currently placed at year 2044.
- Future operator costs had been modelled on a flat management fee subject to CPI inflationary increases throughout
- References had been obtained for prospective operators as part of the tendering process.
  There was still some opportunity to make some small changes to the centre's internal design and this would take place with the operator's input to ensure the most effective operating model. Strong bids had been received which was an indication that operators endorsed the centre design.

Following consideration of the Exempt Appendix, the Chairman summed up the debate of the meeting:

- Building cost comparison to other Leisure Centres.
- Whether an eight court hall would be sufficient for current and future demand.
- The proposed provision of four further courts in the Southern Parishes.
- Contract provisions enabling reduction in management fee.
- Management arrangements for the car park.
- Impact on the General Fund during the life time of the centre.
- The potential cost of decommissioning the existing River Park Leisure Centre (including early termination of contract with Places for People) and whether this was included in the project costs.
- Potential for and mitigation of unforeseeable risk.
- The University of Winchester financial contribution to the project and how the Sports Stadium would fit into the project.
- Use of Sport England benchmarking and templates.
- The need to attract hard to reach groups to use the new facility.
- Management of the risk that revenue fails to meet expectations.

The Head of Programme indicated that although the detailed Sports England methodology for the District wide needs assessment had been used to inform the facility mix for the new leisure centre, the Action Plan set out that continued review and improvement of community facilities would take place. It was also clarified that the capacity modelling had taken into account Winchester University students using the centre on Wednesday afternoon which were traditionally quieter times in terms of general use at all leisure centres. The Head of Programme also confirmed that a study had commenced on where to locate a new four court facility in the southern parishes of the District.

The Head of Programme also clarified that costings for pedestrian routes and signage had been factored into the business case. The management of the centre's car park was to be undertaken by the Council so to ensure that it was properly used predominantly by users of the facilities. In addition to this, both the Council and the

contractor were obliged to investigate ‘way finding’ to the new centre which would include good access routing, including public transport options. The operator will formulate a Travel Plan in conjunction with the Council.

It was also clarified that in terms of unforeseen ‘acts of god’, he was confident that potential impacts had been ‘designed out’ as much as possible following in-depth assessment following survey works undertaken of the site. In terms of other risks, a full assessment had been undertaken and appropriate costs would be passed to the contractor as part of the fixed management fee. Mr Molden also set out detailed Asset Management schedules that were to be passed to the operator. It was to be in the best interest of the contractor to maintain the facility.

The Head of Programme also drew Members’ attention to the operator specification which stated that they must have processes in place to ensure engagement with hard to reach groups etc. Accessibility for disabled users had been fully designed into the centre.

In terms of comparing the build costs to other leisure centres, this was not easily achieved due to this centre having a larger wet side area, incorporating a hydrotherapy pool, being a high quality design and having some challenging ground conditions to address.

Professor Marriot advised that the University would work in partnership with the Council and with the operator with regard to facilitating continued access to the site through the Milland Road entrance.

The Strategic Director: Resources confirmed that the Business case for the leisure centre (once an operator was in place) showed that there was to now be a surplus in the year 2044. Previously, it had been envisaged that there would be a net cost to the Council of £600,000. Until the operator was in place and the new leisure centre opened(after year three) the Major Investment reserve would be utilised to balance funding in this interim period only. The Strategic Director also advised that the decommissioning and demolition costs of the existing River Park Leisure Centre was not included within the business case for the new leisure centre – this would be a separate project with its own associated costs. The Strategic Director pointed out that if the running costs for River Park were taken into account (when compared to the new, significantly improved facility with regards to energy efficiency) then there were substantial savings over the 40 year period.

At conclusion of debate, the Committee was supportive of the principle of a new leisure centre and welcomed the proposed provision of further courts in the Southern Parishes. Members thanked officers and consultants for their work on the project, for their attendance at the meeting and for their responses to detailed questions from the Committee.

The Committee then resolved to move into Exempt session to it to consider the exempt appendix to Report CAB3082(LC).

RESOLVED:

1. That the Committee notes the progress made to date.

2. That the comments of the Committee be referred to the Cabinet (Leisure Centre) Committee on 11 February 2019.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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