



# Executive Committee

Premises - Abbey Ward /  
Service - All Wards

22nd September 2009

## ABBEY STADIUM REDEVELOPMENT – SEPTEMBER 2009

(Report of the Head of Leisure and Art Services)

### 1. Summary of Proposals

Following the Council's deferral of the previous £15 million scheme for a new leisure development at the Abbey Stadium Sports Centre in January of this year, Members requested that Officers bring back to the Executive Committee a further report on remedial action at Hewell Road Pool and the Abbey Stadium regarding the expenditure required to sustain the facilities in the short, medium or long term.

This report details how this could be achieved and the financial consequences involved in the long term, as the short- and medium-term financial positions were detailed in the Executive Committee report of 28th January 2009.

The report also provides Members with proposals for the long-term sustainability of the Abbey Stadium following the previous scheme deferral in January 2009.

### 2. Recommendations

The Committee is asked to **RECOMMEND** that

#### 1) **EITHER**

##### OPTION A

- a) **the Council continue to defer the £15 million Abbey Stadium Redevelopment scheme until such time as the disposal of assets programme can financially provide the capital funding required to deliver this scheme; and**
- b) **a decision on the timescale for recommencement of the scheme in the future be given by Members (to be specified);**

**OR**

### OPTION B

- a) the scheme detailed in the present report be approved in its entirety and that Officers be authorised to progress it to completion, subject to reporting to Members at appropriate 'milestone' stages;
- b) the Council allocate funding, as detailed in the confidential Appendix to the report, to provide a new swimming pool and to sustain the current Abbey Stadium facility for a period of at least ten years; this approval to include the release of the consultants' fees detailed in the report as being necessary to progress the scheme; and
- c) the Capital Programme be amended accordingly and revenue implications noted/approved;

and to RESOLVE that

- 2) expenditure of up to the sum allocated by the Council for the purposes stated in the report be approved in accordance with Standing Order 41.

### 3. Financial, Legal, Policy, Risk and Sustainability Implications

#### Financial

- 3.1 Members will need to consider the best option for financing the scheme and how the facility will be maintained. The level of funding available to the Council will determine the viability of the capital project.
- 3.2 Officers have identified the estimated Capital build cost for the facilities which can be found at confidential Appendix 1. The figure is inclusive of fees for project management and Building Contractor and contingency fund.
- 3.3 The Council on 30th June 2008 allocated the sum of £1.2 million for the purposes of project management and design and, in accordance with SO41, a sum of up to £200,000 was approved to progress the scheme. Of this sum £94,000 still remains and the project management Consultants, Drivers Jonas, have amended their fee schedules to reflect the new scheme.

A great deal of the previous work undertaken will still be valid for the new scheme.

### Legal

- 3.4 Statutory obligations under European Procurement Legislation have been and will continue to be followed using the Single Stage Contract procedures as identified in the Procurement Strategy for the project.
- 3.5 Appendix 1 and 2 to this report are exempt (Confidential) in accordance with S.100 I of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006, as it contains information which, if made public, would significantly affect the Council's ability to achieve the best solutions for the Borough in relation to the Abbey Stadium Redevelopment. For these reasons Officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### Policy

- 3.6 Detailed examination of local planning policy will determine the extent of facilities that can be developed on the site. The Council will be following the European Union Procurement Directives relating to Capital Works and Service Contracts during the procurement process.
- 3.7 On 28th January 2009 Members deferred a £15.0 million scheme until such time as the Council's asset disposal programme could deliver the scheme. Officers were also asked to bring back to the Committee recommendations for the long-term sustainability of the site.

### Risk

- 3.8 The Council's position on development risk will determine the progression of procurement and is considered in Section 5 of the report.
- 3.9 The scheme will be provided from within the Council's own resources. The risk to the Council is its ability to raise the Capital funding required to deliver the scheme.
- 3.10 The financial modelling in respect of income and expenditure is as accurate as it can be using national benchmarking, and Officer and project team projections, based on current usage at both sites and best operator assumptions.
- 3.11 Additionally, Members are reminded that the Council currently links to the free swimming national government initiative for Over 60's and Under 16's up until the end of the two year period March 2011.

Should this scheme be extended or widened, and the Council continue to support the initiative, then the income projections for this new scheme would be severely affected with the result that the project would become financially unachievable.

### Sustainability / Environmental / Climate Change

- 3.12 The scheme design will encompass all necessary features to support the Council's Climate Change Action Plan to improve performance with regard to mitigation and adaptation to the climate change agenda.

### Report

#### **4. Background**

- 4.1 Following the deferral of the previous scheme for a new leisure development at the Abbey Stadium Sports Centre in January of this year, Members requested that Officers bring back to the Executive Committee a further report on remedial action on Hewell Road Pool and Abbey Stadium regarding the expenditure required to sustain the facilities in the short, medium or long term.
- 4.2 The Leisure Contract Advisory Panel (LCAP) is in place to work with Officers to determine the best way forward and agree relevant milestones that need to be recommended to Executive Committee.
- 4.3 A number of options have been presented and discussed with Members and a number of visits to leisure facilities have taken place in the recent past.
- 4.4 Officers previously reported the options available to the Council for managing the new facility following the soft market testing of future leisure management arrangements during June 2006. Managing arrangements will have to provide the Council with an affordable value for money solution and ensure that service delivery is in line with the objectives of the Council.
- 4.5 Previously Members had approved a sum of £200,000 towards the consultants Drivers Jonas fees from an identified sum of £1.2 million to progress that scheme. Expenditure currently stands at £106,000 with an amended fee schedule of approx £850,000 to progress a new scheme detailed below.

#### **5. Key Issues**

##### Planning - Sequential Test – main highlights

- 5.1 The Abbey Stadium site is in an out-of-centre location. Government guidance contained in Planning Policy Statement 6: Planning for

Town Centres (PPS6) confirms that when selecting sites for development, local planning authorities should apply the sequential approach to site selection.

- 5.2 None of the sites investigated were identified as being suitable, viable, alternatives to the existing Abbey Stadium site. It is therefore concluded that the existing Abbey Stadium site and adjoining land is the most appropriate location for the proposed leisure redevelopment.
- 5.3 The business case is based on quality, conciseness and objectivity of all the study outputs undertaken with our partner consultant team Drivers Jonas. Outcomes have been discussed and agreed at the outset of the project, linked to Council priorities with the consultant team to ensure there are no ambiguities or differences in expectations. Reports contain unequivocal recommendations supported with a sound rationale and evidence.

#### Assessment of Need

- 5.4 The rationale for the project has been fully reviewed by team partner Strategic Leisure and information on the national and regional context has been used to inform the study.

#### Audit of supply

- 5.5 Strategic Leisure have identified and mapped (GIS) all competing and complementary sport and leisure facilities with the catchments area, including major facilities in the commercial, voluntary and education sectors and neighbouring Council areas. Future levels of usage have been included in calculations.

#### Assessment of demand

- 5.6 The demand for future sport and leisure facilities has been quantified by identifying the catchments population and its main demographic characteristics such as age, socio-economic status etc.

#### Gap analysis

- 5.7 Future participation rates by cross referencing supply and demand have been quantified and included the Sport England Sports Facility Calculator (SFC) for future demand and the Active Places Power model.

#### Facility mix

- 5.8 The extent of latent demand and how this might change in the future has built up a realistic and viable facility mix. This focuses on the

key components such as swimming pools, sports hall, health and fitness etc.

### Delivery Plan

#### Indicative capital costs

- 5.9 The current detailed costs give sufficient confidence that the proposed facility is within the identified budget. For each item in the facility mix, m2 area and cost per m2 has been identified. This has enabled the client team to build up a cost plan for the building with additional allowances for site clearance, inflation, fit out, etc. These costs have been subject to ratification by the project Quantity Surveyor.

#### Usage and income projections

- 5.10 Strategic Leisure and Council Officers have assessed supply and demand to quantify usage levels and taken into account the peaks and troughs in demand by time of day, day of the week etc as well as the capacity of the facility to accommodate the demand. Indicative programmes and pricing structures to enable the income estimates have been built up in conjunction with the operational managers and finance team at Redditch Borough Council. Estimates have been prepared over the 25 year lifespan of the facility and identify the main assumptions and sensitivities. Income estimates include both primary and secondary sources and have been compared to those prepared by officers. The capital borrowing position is fully laid out within the financial model.

#### Expenditure projections

- 5.11 Estimates of expenditure have also been prepared for a 25 year period and are based on the needs of the centre and the costs required to sustain the level of income suggested. For example a staffing structure commensurate with the facility mix, programme and usage has been developed. Other costs e.g. utilities etc have also been generated using the Strategic Leisure internal database of benchmark costs and have been compared to estimates with the financial plan prepared by Council Officers.

#### Business Plan (Financial Model)

- 5.12 A detailed operational business plan has been prepared that incorporates the income and expenditure profiles to show the net cost/profit over a 25 year period. This also includes lifecycle maintenance costs and any revenue implication of capital contribution. This has been prepared on the understanding that the facility will be operated internally by the current management team.

An assessment of the likely NNDR (non-domestic rates) and VAT positions, support services and profit/loss margins has been calculated. All costs including the cost of borrowing have been incorporated into the financial model which can be viewed at Confidential Appendix 1.

### Meeting the Council's priorities

- 5.13 The Abbey Stadium development is highlighted within the new corporate priorities through many themes and relates to the vision for Redditch Borough Council which is namely;

“Enterprising Community, Safe, Clean and Green and A Well Managed organisation”.

The new development will also link closely to:

- a) Improving economic development.
  - b) Children and Young People.
  - c) Improving health and well-being through leisure and arts
  - d) Enhancing residents opportunities to access high quality sporting facilities.
  - e) Providing new leisure facilities across the Town.
  - f) Delivering a cleaner, greener Borough.
  - g) Improving the Council's performance within the climate change agenda.
  - h) Making services more accessible, efficient and customer focused.
  - i) Improving community engagement
- 5.14 The new facility when completed will also link to the Local Area Agreement (LAA) current themes:
- a) Communities that are safe and feel safe.
  - b) A better environment for today and tomorrow.
  - c) Economic success that is shared by all.
  - d) Improving health and well-being.
  - e) Meeting the needs of children and young people.
  - f) Stronger communities.

### The way forward – new swimming pool scheme

- 5.15 Figures have been calculated with the assistance of the Council's Asset Management Team in conjunction with the project team, linking to Redditch Borough Council's ten year asset management plan.
- 5.16 Some of these costs are again detailed within the confidential Appendix for reasons of commercial sensitivity.

- 5.17 Note that a major fault with the pool tank would render the Hewell Road Pool facility useless and any expenditure a loss.
- 5.18 Redevelopment costs for a new 25m x 6 lane pool, teaching pool, spectator gallery for 300, changing and new link reception area, associated fees, fit out, grounds and contingency and costs to sustain the current Abbey facility are detailed in confidential Appendix 2.
- 5.19 The revenue implications for the operating costs were presented to Members at the LCAP meeting of September 15<sup>th</sup> 2009. The figures contained represent the average cost per annum including buildings maintenance after income has been deducted over 25 years. The annual operating costs can be found at Appendix 1 (Confidential).

### Current land sale issues

- 5.20 The current market demand for land is very depressed with only very speculative lower offers being received if any. It is anticipated that the number of active buyers in the market will start to increase in 12 to 18 months time. However, actual land values may remain stagnant for some time after. There is still some demand depending on the market type.

### Site Closures

- 5.21 It is anticipated by Officers that the Hewell Road pool site will continue to operate until such time that the new facility at the Abbey Stadium is completed or a major fabric or mechanical break down occurs that is beyond economical repair.
- 5.22 The current Abbey Stadium facility will continue to operate in parallel with the new build scheme until it is necessary through health and safety practice, to close for the final building link up. This time period is unknown at this time and the financial effect will be factored into the final cost modelling.

### Financial Information

- 5.23 Please refer to (Confidential) Appendix 1 and 2 where all information relating to the scheme can be found.

## **6. Other Implications**

- Asset Management - Implications are as set out throughout the report.
- Community Safety - The scheme would be designed to Secure by Design standards.



Human Resources - Human Resources implications will be detailed separately if the scheme is to be progressed.

Social Exclusion - None identified at this stage.

### 7. **Conclusion**

- 7.1 It will be clear from the report that Members have two options to consider prior to making recommendations on the Abbey Stadium Redevelopment scheme.
- A) To continue to defer the scheme until such time that the asset land disposal programme has more financial certainty.  
or
- B) To recommend the new scheme proposal this could be funded wholly at this time without the asset disposal programme.
- 7.2 Should Members decide to proceed with the new pool scheme officers feel that this scheme should be final and progressed as detailed without future additions. Should the asset market start to show signs of recovery Members can then make the necessary decisions about how this capital can be spent.
- 7.3 Members will also need to consider the urgency with which a decision needs to be made in respect of the failing nature of Hewell Road pool as it enters the final stage of its useful life.
- 7.4 Officers do not anticipate any issues in relation to the planning application for this new pool and existing Abbey Stadium Development.

### 8. **Lessons Learnt**

This will be detailed following the scheme completion if approved.

### 9. **Background Papers**

Previous Council and Committee Reports and Minutes (some published / some exempt).  
Other confidential working papers (exempt from the public)

### 10 **Consultation**

There has been new consultation with the Facilities Director for The Amateur Swimming Association and with relevant Borough Council Officers.

Members of the Leisure Contracts Panel together with other Councillors considered this proposal at a recent presentation evening (on Tuesday 15<sup>th</sup> September 2009) and all supported it for further consideration.

**11. Author of Report**

The author of this report is Ken Watkins (Head of Leisure & Arts Services), who can be contacted on extension 3384 ( ) for more information.

**12. Appendices**

Appendix 1 Financial Information (Confidential – see Legal Implications above).

Appendix 2 Facility cost summary related to paragraph 5.19 (Confidential – see Legal Implications above).

Appendix 3 Site plans and suggested design (to be tabled)