



Council

ABBEY STADIUM REDEVELOPMENT - CONSULTANCY - FUNDING APPROVAL

(Report of Director of Leisure, Customer and Business Support)

1. **Purpose of Report**

To report the recommendations of the Leisure Contract Advisory Panel ("LCAP") and to seek approval to allocate up to £1.2m capital funding for the Abbey Stadium redevelopment scheme consultancy.

2. **Recommendation**

The Committee is asked to **RESOLVE** that

- 1) **the sum of up to £1.2m capital funding be allocated for the purpose of project management and design for the scheme;**

and to **RECOMMEND** that

- 2) **the Executive Committee approve expenditure of up to the sum of £200,000 in accordance with Standing Order 41, subject to a further report to Council by October 2008, with regular reports to the Executive Committee.**

3. **Financial, Legal, Policy and Risk Implications**

Financial

- 3.1 The financial implications are detailed throughout the report.
- 3.2 The capital expenditure will be funded from Prudential Borrowing pending the realisation of capital receipts or other funding.

Legal

- 3.3 Under Section 19 of the Local Government Act 1976, the Council has the power to provide such recreational facilities as it thinks fit.
- 3.4 Section 2 of the Local Government Act 2000 gives the Council the power to do anything which it considers is likely to achieve the promotion or improvement of the social well-being of its area. This includes the power to incur expenditure.

- 3.5 Detailed examination of local planning policy and the planning inspector's report following the public inquiry into the original scheme will determine the extent of facilities that can be developed on the site.
- 3.6 The Council and its consultants will be following the European Union Procurement Directives relating to Capital Works and Services Contracts during the procurement process.

Policy

- 3.7 The proposal supports previously approved Council policy for the redevelopment of the Abbey Stadium.

Risk

- 3.8 The scheme as chosen for progression by the LCAP on the 11th of September 2007 and Executive Committee on the 10th of October 2007 would be provided from the Council's own resources and some potential grants from partner organisations. The risk to the Council is its ability to raise the capital required to deliver the scheme.
- 3.9 However, risk in terms of the disposal of land at the Abbey Stadium and the Hewell Road Swimming Pool site that would previously have been largely outside the Council's control, will now lie entirely in the control of the Council who will be the sole beneficiary of any value generated. The progression of a procurement process to identify a partner for the design, build and operation of the scheme can be met from the Council's capital resources and does not commit the Council contractually at this stage to major capital investment.
- 3.10 There is a financial risk associated with engaging consultants should for any reason the Abbey Stadium Redevelopment project fail to go ahead. Current capital financing regulations require the Council to make a minimum revenue provision (MRP) equivalent to the life of the asset for which Prudential Borrowing has been undertaken.
- 3.11 Should the Abbey Stadium project not progress to the build stage then the General Fund Revenue Account would have to immediately fund any borrowing up to the expenditure to date incurred on the project as there would be no asset. The cost of consultants could be funded from capital receipts if there were sufficient accumulated balances at the time.

Report

4. Background

- 4.1 Following recommendations by The Leisure Contracts Advisory Panel (LCAP) the decision by the Executive Committee to provide a new build sports and leisure facility was agreed (by Executive on the 10th of October 2007) for progression, but did not carry full funding or Standing Order 41 approvals at this time.
- 4.2 At the time Officers established the preliminary capital build costs to provide such a facility as being circa £15m as reported to LCAP on the 11th of September 2007. It is expected that, as the formal specification is progressed with the Council's consultants and development and operating partners are selected through the European Procurement Process, this figure may change. The LCAP requested that Officers continue to progress the key elements of the scheme currently approved to the stated sum.
- 4.3 Members are reminded that within the £15m scheme there are three main elements; Build costs of £12.4m; Contingency of £1.36m and Fees of £1.24m. The timescale for delivery is September 2010.
- 4.4 The main elements of the scheme are:
- a) 8 Lane 25m competition Pool with spectator facilities
– for a minimum of 400 spectators
 - b) Teaching Pool / Warm down Pool
 - c) Major Leisure / Fun Water – separate from main pool
 - d) 8 Court Sports Hall with spectator facilities
 - e) 4 Indoor Tennis Courts
 - f) 6 Outdoor Floodlit Tennis Courts
 - g) Min 120 Station Fitness Suite with associated Health and Changing facilities
 - h) Movement Studios for Aerobics / Dance
 - i) Café / Shop / Reception
 - j) Soft Play Facility / Crèche
 - k) Appropriate changing and storage to meet demand of above facilities
 - l) Staff, management and administration facilities
 - m) General site requirements for access, parking and landscaping
 - n) Meeting /Training Rooms.

The existing Athletics Track to remain in current location on site.

5. **Key Issues**

- 5.1 Following the procurement work to select consultants to work with the Council to scheme fruition, funding approvals are required to support this partnership financially and this will require fiscal borrowing of up to £1.2 m.
- 5.2 This capital funding will support:
- Stage A: Client's Brief & Pre Qualifying questionnaire (PQQ's).
- Stage B: Client's Requirements - operating specification.
- Stage C: Tendering, Evaluation, Award; Negotiation of building and operational Contracts.
- Stage D: Construction.
- Stage E: Defects.
- 5.3 The following specialists will be required to form the consultants' team:
- a) Project Manager.
 - b) Cost Manager.
 - c) Checking Engineer.
 - d) Construction and Demolition Management Consultant.
 - e) Mechanical, Electrical and Structural Engineers.
 - f) Architect.
 - g) Sport and Leisure Consultancy.
- 5.4 Within the submitted tender, provision for services relating to Promotion, Public Relations and Community Liaison that would be applicable to a project of this nature are included as a PC (provisional cost) sum and will be procured post appointment. The LCAP and Executive Committee also recognises that other specialist advisors may be required to support project delivery, and these will need to be sourced by the Consultant Team Project Manager on behalf of the Council as approved by the Executive Committee.
- 5.5 The Council will provide Legal Services for the Project via its current partner team at Wragge & Co LLP, Birmingham.
- 5.6 The revenue cost of borrowing for the fee structure element of the scheme, which will be expended over the three financial periods, 2008/09, 2009/10 and 2010/11, will be as follows:

Revenue impact of borrowing £1.2 m.				
	2008/09	2009/10	2010/11	Ongoing
	£'000	£'000	£'000	£'000
Interest	12.7	37.4	56.2	63.5
MRP	0.0	0.0	0.0	48.0*
Total	12.7	37.4	56.2	111.5

* assuming 25 year life.

MRP - Minimum revenue Provision

- 5.7 Please note that, during the design and build stage of the project, the Council is only responsible for the interest payment for the amount borrowed each year. Once the asset is complete full borrowing on the total amount expended is required.
- 5.8 Should there be a need for the scheme to be curtailed, the legal contract with the Consultant team would only see the Council responsible for payment of any work undertaken to date and not for the full contract sum.
- 5.9 A similar report to seek capital funding approval of up to £13.8m for the rest of the scheme will be produced prior to award of contract for developer and operating partners during late summer 2008.

6. Other Implications

Asset Management	:	As detailed throughout the report. If the Scheme comes to fruition, it will see the closure of Hewell Road and the Abbey Stadium in its current form.
Community Safety	:	None directly at this stage
Human Resources	:	None directly at this stage
Social Exclusion	:	None directly at this stage
Sustainability / Environmental	:	None directly at this stage
		(Later reports will address the above.)

7. Conclusion

Members are asked to approve expenditure of a sum up to £1.2m to support the progression of the Abbey Stadium Redevelopment.

8. **Background Papers**

Leisure Contract Advisory Panel Notes 2007 and 2008 (Confidential).
Executive Committee Reports and Minutes 2007.
Member presentations June 2007.

9. **Consultation**

There has been no consultation other than with relevant Borough Council Officers.

10. **Author of Report**

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11. **Appendix**

Appendix 1 - Recommendations of the Leisure Contract Advisory Panel - 28th May 2008

(In view of the fact that commercially-sensitive information relating to tenders for future contracts might be revealed, disclosure of which might not be in the public's best interest, elements of this appendix are not for publication at this stage.)

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