



COUNCIL CABINET
13 February 2019

ITEM 12

Report sponsor: Christine Durrant, Strategic Director for Communities and Place
Report author: Ben Clawson-Chan, Head of Leisure and Business Development

New Swimming Pool Complex at Moorways – Next Steps

Purpose

- 1.1 The purpose of this report is to provide an update on the key strands of work for the new Swimming Pool Complex project and to seek approval for the key decisions necessary to enable progress with the next steps of the project.

Recommendations

- 2.1 To note the indicative sketches, images, features and indicative costs of the preferred enhanced leisure water feasibility study option.
- 2.2 To approve progressing the concept and detailed design for the preferred enhanced leisure water option and to award the contract to Mace Consultancy Ltd (Mace) to provide project management support to do this work.
- 2.3 To approve the submission of a new planning application which is needed to construct the new Swimming Pool Complex with enhanced leisure water.
- 2.4 To recommend to Council, an increase in the capital programme for the project of £9 million to provide a capital budget of £42 million and that the Capital Programme 2019/20-2021/22 be re-profiled accordingly, to deliver the new Swimming Pool Complex with enhanced leisure water.
- 2.5 To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director of Corporate Resources, the Cabinet Member for Governance and Finance and the Cabinet Member for Leisure, Culture and Tourism to approve the final designs for the new Swimming Pool Complex with enhanced leisure water.
- 2.6 To note that a construction contract was awarded to Bowmer and Kirkland (B&K) following a tender process. The construction contract is structured on the basis of two distinct phases: the pre-construction phase (B&K are currently performing this phase of the contract) and the Swimming Pool Complex construction phase.
- 2.7 Subject to Council approval of the capital programme budget and the approvals required in paragraphs 2.2, 2.3 and 2.5, to approve the award of the construction phase of the construction contract to B&K to deliver the new Swimming Pool Complex.

- 2.8 To note that Mace were awarded a contract to provide project management support for the delivery of the new Swimming Pool Complex. Mace have provided project management for the project to date and that as the current contract with Mace has now come to an end and to ensure continuity of support it is now necessary to reappoint Mace project management during the build and handover phase.
- 2.9 Subject to the Council approval of the capital programme budget and the approvals required in paragraphs 2.2, 2.3 and 2.5, to approve the appointment of Mace under the terms of the ESPO Framework Agreement 2664 Lot 1B to provide project management support for the delivery of part three of the project to build and handover the new Swimming Pool Complex.
- 2.10 To delegate authority to the Strategic Director for Communities and Place, following consultation with the Strategic Director for Corporate Resources, the Cabinet Member for Governance and Finance and the Cabinet Member for Leisure, Culture and Tourism to determine the operational model for the venue, to take all actions necessary to secure an operator and to enter into all necessary contractual arrangements to deliver the project.
- 2.11 To note that the future of Queen's Leisure Centre will be subject to further work including consultation and a future cabinet report, with the current expectation that it will close when the new Swimming Pool Complex opens.
- 2.12 To note and accept the risks associated with continuing with this project as identified in the report in paragraph 9.5.

Reasons

- 3.1 To allow the important delivery of this strategic project for the Council to be maintained and enable the opening of the new Swimming Pool Complex delivering a much needed, improved and modernised swimming facility offer within the city.
- 3.2 The Facility Planning Model showed that by 2028, much of the City's current swimming pool stock will have reached the end of its active life without significant investment; this includes Queen's Leisure Centre, the future of which will need to be reviewed as part of the progression of the plans for the new Swimming Pool Complex. Moving forward with the provision of new facilities helps meet the demands of swimming which will benefit the city and its communities.
- 3.3 Mace were appointed to provide project management support to the Council for design of the current new Swimming Pool Complex and to complete the feasibility study. For continuity and cost efficiency, it is proposed to work with Mace and their design team.
- 3.4 To allow time for an operator to be procured, should it be required, so that the new swimming pool complex can be operated within the projected revenue subsidy identified in the MTFP. Also, to allow the impact of the new Swimming Pool Complex project on the DCC de-minimis to be managed.

Supporting information

- 4.1 On 12 April 2017, Cabinet resolved that Mace and their appointed design team should progress the project on the basis of the enhanced facility mix option of a 10 lane, 50 metre swimming pool, learner pool, leisure water, fitness suite, studios, café and other ancillary facilities for the Swimming Pool Complex. Phase two of the current Leisure Facility Strategy (LFS) is being progressed to achieve this on the site of the old Moorways swimming pool and sports centre.
- 4.2 Mace and their appointed design team, which includes architects Faulkner Browns, mechanical and electrical engineering consultants Hoare Lea and civil and structural engineering consultants Curtins, work alongside a Derby City Council project team to deliver the new Swimming Pool Complex.
- 4.3 On 8 November 2017, Cabinet approved proceeding with the procurement of a build contractor for the new Swimming Pool Complex at Moorways, and to delegate authority for the award of the contract for the building works to the Strategic Director for Communities and Place, following consultation with the Director of Finance (now the Strategic Director for Corporate Resources), the Cabinet Member for Governance and Finance and the Cabinet Member for Leisure, Culture and Tourism.
- 4.4 On 8 November 2017, Cabinet approved an increase of £13 million to the original capital programme budget of £20 million. The total approved capital budget was therefore £33 million within a maximum budget envelope of £35 million.
- 4.5 Following a tender process commencing in November 2017, B&K were awarded a pre-construction services agreement to work alongside the Mace led design team to complete RIBA Stage 4 technical designs for the original scheme and produce more cost certainty for the construction contract.
- 4.6 Planning approval was granted for the construction of the new Swimming Pool Complex at Moorways in February 2018 (excluding the enhanced leisure water).
- 4.7 Demolition of the original facilities was completed in early 2018 and the site has been cleared with hoardings securing the site.
- 4.8 The Mace led design team along with B&K have completed the RIBA Stage 4 designs for the original scheme and all of the separate construction packages were priced during April and May 2018.
- 4.9 Following the commercial return of the packages it has been necessary to carry out a significant amount of value engineering due to the packages being returned from the market over £4 million more than expected. This exercise has taken additional time which has increased the timeline for the completion of the build. Following a detailed review of value engineering opportunities, £2.3 million of savings have been identified. Consideration of value engineering opportunities has focused on those which will not impact on the facility mix, income generation and external appearance of the building. Currently the indicative cost for the original scheme stands at £35.8 million. This cost meets the specified facility mix that was approved at Cabinet in November 2017.

- 4.10 In June 2018, the Council Cabinet commissioned a review of the design and viability of the new Swimming Pool Complex. This review was completed and a subsequent feasibility study was requested to explore an enhanced leisure water offer within the new Swimming Pool Complex to provide a more attractive offer to families and increase the target market for children up to the age of 15. The funding approval for the feasibility study was approved by Cabinet in August 2018 and, in order to ensure continuity, the current design team were also appointed to complete the feasibility study.
- 4.11 The most viable enhanced leisure water option identified in the feasibility study increases the pool hall from 600 square metres to 1000 square metres and the pool size from 150 square metres to 280 square metres. The option being explored also includes the further addition of wave generation, flumes, a multi slide and a wave rider. The feasibility study and associated works currently indicate that costs at RIBA Stage 1 for the enhanced Leisure Water option and associated impacts are currently estimated between £6 million and £8 million. (Indicative images can be found in Appendix 1)
- 4.12 To progress the enhanced leisure water as the preferred option, concept and detailed designs will need to be completed and an increased budget is required. A new planning application will be required and submission of this would be targeted for consideration at the Planning Committee in Summer 2019. Subject to delegated approval, this will allow the contractor to be appointed in Autumn 2019 with a start on site later in 2019 and estimated completion in late 2021. The indicative overall capital cost of the new enhanced Swimming Pool Complex project at Moorways currently stands at £42 million.
- 4.13 FMG Consulting Ltd who are a specialist management consultancy in the sport, leisure and culture sector, and have previously worked on the project, have continued to work on the business case using three models; Council run, Local Trust and Out-sourced delivery models. The original business case has been updated taking into account changes that have occurred through the RIBA Stage 4 design work and market conditions. A separate business case has also been completed using the three models for the enhanced leisure water option. The findings show that, within the proposed revenue budget of £400,000 that has been indicatively included in the 2019/20 medium term financial planning process (MTFP) two options fit within this envelope; these being a Trust and an Out-sourced delivery model. The budget figures in this report make the assumption that the operation of the facility is through one of these two options.

Key Next Steps

- 4.14 In order to progress with the project within the revised proposed timeline, approval is required for the additional capital programme at Council in February 2019 and for submitting the planning application in Summer 2019.

Public/stakeholder engagement

- 5.1 Note that both public and stakeholder engagement was completed for the original scheme.
- 5.2 Note that on 15 January 2019 an update on the enhanced leisure water plans was released with indicative images. This has been positively received by the public with much support being shown for the enhanced leisure water option on social media channels.
- 5.3 Further stakeholder engagement will be completed on the enhanced Leisure Water elements as the detailed and concept designs are progressed.

Other options

- 6.1 As a result of the current position of the project, to do nothing and cease the project is not believed to be an option if the Council is to provide facilities that meet the demands for swimming in the City.
- 6.2 Build the new swimming pool complex without the enhanced leisure water option that was approved at Cabinet in November 2017.

Financial and value for money issues

- 7.1 On 8 November 2017 Cabinet gave approval to progress the new Swimming Pool Complex up to a maximum budget of £33 million.
- 7.2 This report recommends that the enhanced leisure water option is progressed and as a result asks for the capital budget to be increased from £33 million to £42 million and added to the capital programme. It is proposed that prudential borrowing be used to fund the total amount required, however, where and when the actual funding is provided from will be determined by Finance at the most prudent time within the overall treasury management position. The approvals for the borrowing will be incorporated into the capital budget setting report going to Cabinet and Full Council in February 2019.
- 7.3 The main reasons for the £9 million increase can be attributed to:
 - Estimated cost of the enhanced leisure water
 - Increased cost of construction for the original scheme
 - An increased fixtures, fittings & equipment requirement
 - An allowance for the erection of a new semi-permanent stadium store due to the current store having to be demolished to accommodate the car park.
 - To reflect a suitable contingency budget for the project

Legal implications

- 8.1 The Council's legal service is represented at Project Board and Project Team level and is providing legal advice to all aspects of the project, including in relation to procurement methodology and contract structure.
- 8.2 Mace were awarded a contract to provide project management support for the delivery of the new Swimming Pool Complex. Mace have provided project management for the project to date. The current contract with Mace has now come to an end. To ensure continuity of support it is now necessary to reappoint Mace to allow continuity of project management during the build and handover phase.
- 8.3 Mace will be appointed, via direct award, under the terms of the ESPO Framework Agreement 2664 Lot 1B – Project Management and general/Technical Advice - Property and Building. This is a procurement compliant route to the continued appointment of Mace, which is considered to be in the best interests of project delivery.
- 8.4 B&K were awarded a construction contract to deliver the new Swimming Pool Complex and have been working with the Council and Mace on the pre-construction phase of that contract.
- 8.5 From a procurement law perspective, although the value of the construction contract has risen as a result of the addition of the enhanced leisure water, this can be accommodated within the current B&K appointment. External construction contract advice has been obtained from Geldards LLP.

Other significant implications

IT

- 9.1 The IT section of the authority's requirements document has been populated in conjunction with the IT Department. This encompasses the infrastructure requirements and the associated resources required for implementation and deployment. There is an IT sub group that feeds into Project Team and IT are represented at Project Board.

Equalities Impact

- 9.2 To ensure the detailed designs for the proposed new Swimming Pool Complex will comply with the Equality Act 2010 requirements and Building Regulations, we involved the Derby Diversity Forum and conducted an equality impact assessment (EIA) for the 8 November 2017 Cabinet.

This has been revised as the scheme has developed to address and promote equality initiatives in the design for all communities. A number of equality and diversity meetings have been held to gain a range of feedback to complete the EIA.

Feedback on a number of operational requirements was also received during this

EIA which will be fed in to a subsequent EIA on operational elements of the new Swimming Pool Complex.

The current EIA will be further updated during the concept and detailed design stages of the enhanced leisure water option.

Property and Asset Management

- 9.3 The Facility Planning Model completed by Sport England in 2015 showed that by 2028, much of the City's current swimming pool stock will have reached the end of its active life without significant investment; this includes Queen's Leisure Centre. Moving forward with the provision of facilities that help meet the demands of swimming will benefit the City and its communities.
- 9.4 In 2016, a decision was made to commence maintenance works which were completed to the Queen's Leisure Centre Family Pool roof in June 2017. This was in order to prolong the life of the facility by up to five years, until 2021, whilst the design and build of the new Swimming Pool Complex at Moorways was developed. Progress on the new swimming pool project continues and is currently due to open in late 2021. This will allow the future of Queen's Leisure Centre to be reviewed as planned, with the current expectation that it will close when the new Swimming Pool Complex opens.

Risk Management and Safeguarding

- 9.5 A number of key risks associated with the project have been identified, these are:
- Insufficient capital and revenue budgets could result in an overspend on the project, having a negative impact on the financial position and reputation of the Council - this will be mitigated by having robust governance and project management in place, financial monitoring and using the experience of the design team consultants appointed to assist with the delivery of the project.
 - There could be a delay to the project which increases the timeline resulting in increased costs and reputational damage to the Council - this will be mitigated by having robust governance and project management in place and appointing experienced design team consultants to assist with the delivery of the project.
 - Insufficient or unsuitable project resources to deliver within the desired timescale, resulting in delays to the project, increasing the costs and damage to the Council's reputation - this will be mitigated by having robust governance and project management in place monitoring the project's progress through project team and project board meetings.
 - Timely decision on the choice of operator for the venue is essential for the facility to open on time and failure to source would result in reputational damage, loss of income and programme/event delivery - this will be mitigated

by consulting with legal and procurement specialists to seek advice on the most appropriate procurement option available to best meet the requirements of the project.

- Inability to gain planning permission for the enhanced leisure water or to be able to discharge the planning condition could result in changes to the design of the facility, increased costs and delays to the project – this will be mitigated by having robust governance in place, liaising on a regular basis with Planning Consultants and Officers and using the experience of the design team consultants appointed to deliver the project.
- If there is an unfavourable or no deal BREXIT this could impact on the supply of goods and materials for the project prior to the package returns resulting in increased costs and delays – this will be mitigated by regular liaison with CLT to ensure the Council prepares sufficiently for any potential impact and on-going liaison with the design team through regular workshops.
- Delays to the enhanced leisure water or approvals could result in extending the time and costs for the project – this will be mitigated by managing the process through effective design team meetings, formal signoff procedures and good governance
- The impact of the new facility on existing programmes and membership numbers could result in the performance of other leisure venues being affected negatively – this will be mitigated by ensuring suitable and sufficient input is provided from marketing and leisure colleagues.
- Environmental and ground conditions could delay the project by the critical path elements within the timeline not aligning – this will be mitigated by having robust governance and project management in place along with using the experience of the design team consultants appointed to deliver the project.
- If the project does not proceed to Part Three then this will result in having insufficient swimming facilities available in the city, especially with the ageing condition of Queen’s Leisure Centre and the costs incurred to date reverting to revenue which would mean budget would need to be identified to absorb the costs – this will be mitigated by proceeding to the next stages of the capital project.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	01/02/2019
Finance	Amanda Fletcher	04/02/2019
Service Director(s)	Claire Davenport	04/02/2019

Report sponsor	Christine Durrant	04/02/2019
Other(s)	Don McLure	04/02/2019
	Linda Spiby	04/02/2019

Background papers: 12 April 2017 New Swimming Pool Complex Cabinet Report 8 November 2017 New Swimming Pool Complex Cabinet Report List of appendices: Appendix 1 – Indicative Images for the Enhanced Leisure Water
