

To: City Executive Board

Date: 13th January 2010

Item No:

Report of: Head of City Leisure

Title of Report: New Build Competition Pool

Summary and Recommendations

Purpose of report: To seek approval of the initial business case to build a new competition swimming pool joined to Blackbird Leys Leisure Centre. Request approval of funding of £200K that will be spent on the design / final feasibility work and to start the necessary consultation process.

Key decision? No

Executive lead member: Councillor Bob Timbs

Report approved by: Tim Sadler

Finance: Penny Gardner

Legal: Lindsay Cane

Policy Framework:

- Stronger and More Inclusive Communities
- Improve the Local Environment, Economy and Quality of Life
- Reduce Crime and Anti-social Behaviour
- Tackle Climate Change and Promote Sustainable Environmental Resource Management
- Transform Oxford City Council by Improving Value for Money and Service Performance

Recommendation(s):

1. CEB is asked to approve the final feasibility and design fees expenditure and note that this will be funding by a virement from another capital scheme in 2009/10 and form part of the Council's Capital Budget in 2010/11.

2. That the outline business case is approved and approval is given to further develop the business case and financial appraisal in line with different design options for the new competition pool.
3. That delegated authority is given to the Executive Director City Services to appoint the Design Team and Project Manager for the new competition pool.
4. That approval is given to start the associated consultation processes.

Introduction

1. The Council has through consultancy work, the market testing of leisure provision and the Leisure Facilities Review established that the preferred option for the reconfiguration of leisure facilities in Oxford is the construction of a new general swimming and competition pool adjoining the Blackbird Leys Leisure Centre (BLLC) followed by the closure of the Temple Cowley Pools (TCP) and Blackbird Leys Pool (BLP). These processes also established the most cost effective route of funding, building and running the new centre.
2. This report and Business Case takes the concept forward recommending that a design team is appointed to provide design and cost information from which the decision to commit to construction can be made.
3. The Business Case details the reasons why there is a need for a new competition swimming pool, its proposed location in Blackbird Leys and also the reasons behind the need to plan for the over all closure of both TCP and BLP before they close due to any unplanned ongoing maintenance concerns. It also highlights the procurement route and programme for the Design Team/Project Manager and also the Construction Contractor.
4. On the 20th May 2009, the Leisure Facilities Review was approved at City Executive Board. The report gave project approval to commence the development of a new pool at BLLC. In addition to this, the review also recommended the closure of TCP & BLP. The closure of these two facilities would be planned to follow on after the new competition pool has opened.
5. It is anticipated that the new high quality facility will consist of an eight lane Competition Pool and a Teaching Pool as the minimum facilities. Other facilities may be added but are expected to cover their capital and running costs. The facility will be developed to a

high standard in line with Sport England and the Amateur Swimming Association (ASA) facility guidance.

6. The new facility is currently labelled throughout this report and business case as “the new competition pool” due to the need for it to reach the higher standard of design required for competitive swimming and hosting of Galas. However, the facility will be extremely accessible to the general public and promote good flexibility of usage, with the potential of adding in a moveable pool floor to enable variable depths. This will help to ensure the widest range of community usage, from learn to swim programmes right the way through to providing a home and training venue for the City’s competitive swimming club, the City of Oxford Swimming Club.
7. Within the business case it details the following key reasons and benefits for a new competition pool and the need to close TCP and BLP. A benefits map is also shown in appendix two of the business case.

Improve the quality of leisure facilities in the City

- a. The need to improve the quality of Leisure facilities that we have within the City to meet customer expectations, increase participation and to meet the Councils vision of “A World Class City for Everyone”. The current facilities at both TCP and BLP are now showing significant signs of age both visually and structurally. Both facilities no longer meet facility guidance standards from Sport England and the ASA. The new competition pool will be a high quality facility of which the residents in the City can be proud of.

High maintenance costs of TCP & BLP

- b. Both TCP and BLP have a high level of maintenance backlog, which total circa £2.6M. This sum would just keep the sites operational and customers would not see any service improvements, as it is all structure and plant related. The closure of the above two facilities would remove this maintenance pressure from the capital program. A new facility would have minimal maintenance concerns over the initial period of operation and it is proposed, in line with our Leisure Management Contract, that the operator would take a full repairing and maintenance lease for the new facility.

Reduction in sport centre revenue costs

- c. The closure of both facilities and the opening of a new facility would equate to a £330K saving that would be used to support prudentially borrowing capital for the build.

Improved energy efficiency and reduction in carbon footprint

- d. The new facility will have energy efficient plant equipment and aspire to be BREEAM¹ rated as Very Good. The closure of both TCP and BLP will reduce both the carbon footprint and energy consumption of the Council.

Improved accessibility

- e. The new facility will be fully Disability Discrimination Act (DDA) compliant and will also have significantly more parking access for bicycles, cars and coaches.

- f. **Strategic provision of swimming pools within the City**

The provision of a new facility meets the Council priorities listed on the front page of the report and also the priorities of key partners and stakeholders such as the ASA, Sport England and the City of Oxford Swimming Club. There is a high provision of swimming pool water space in the City, albeit that some is of poor quality, with almost double the amount of the national average, evidenced by Sport England's Active Places Power².

- 8. This is a major project for the Council with overall costs of building the new competition pool anticipated to be between £5.5M - £8M, depending on the final model design that is used. Current estimates on affordability for the Council show that there is a financial envelope of approximately £6M for the project based on prudential borrowing of £4.4M, developer contributions of £140K and the capital receipt from the sale of TCP of approximately £1.5M. Design options will be taken to CEB in June 2010 where options will be given to either freeze the design at a cost of no more than £6M or to pursue more aspirational designs, where additional external funding will need to be sought.

¹ BREEAM (BRE Environmental Assessment Method) is the leading and most widely used environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance.

² Sport England's Active Places Power is a planning tool for sports facilities. It is designed to assist in investment decisions and the development of infrastructure improvement strategies for sport.

9. The project has been broken down into three key phases

Phase 1

- a. Procurement and appointment of the project design team and project manager. This includes design work, project management and final feasibility.
- b. Final design options, financial envelope and approval gateway (anticipated for CEB June 2010).
- c. Procurement and appointment of the construction contract for the build

Phase 2

- d. Delivery and management of build phase

Phase 3

- e. Planning for the closure of TCP and BLP

10. The Council will need to identify and commit up to £200K to pay for the services shown in 9a to 9b. This is broken down into £70K within 2009/10 and £130K within 2010/11. This expenditure will complete all the necessary final feasibility work and design work. It will also provide the Council with a decision point (anticipated for CEB June 2010) on whether the project moves to the build phase. It should be noted that this may be abortive expenditure should the project not go ahead at the approval stage (9b). If the project does continue past the decision point, then the fees would rise to an estimated £830K on completion. This would be funded as part of the approved capital scheme. The contract with the design team will be set up in a way that it avoids paying additional costs beyond 9b if the project does not proceed.
11. It is important for the Council to effectively consult with users, stakeholders and partners regarding this important new facility and also the closure of both TCP and BLP. Consultation will also help shape the designs of this exciting project.

Level of Risk

12. In accordance with most such projects, there is a high risk of abortive expenditure of up to £200K if the project does not go ahead at 9b. However, this risk needs to be considered in the light of the extensive work to date and the previous decisions of the Council in respect of the review of leisure facilities. Risks for the project as a whole have been highlighted in the risk register shown in appendix three of the business case. The risks that relate directly to the approvals process for this report are shown as appendix one.

Risks are monitored fortnightly at meetings of the Competition Pool Board.

Climate change / environmental impact

13. Both TCP and BLP are very energy inefficient and have a significant carbon footprint. Carbon dioxide emissions from energy consumption at both sites contributed to well over 10% of the Council's core CO2 emissions baseline total in 2005/06, with TCP contributing just under a thousand tonnes of CO2 omissions per year. The new pool will have much more efficient plant & energy systems in place and look to achieve a BREEAM rating of Very Good as a minimum. Consideration will also be given to future climate change related risks and to try and ensure future proofing of the new build elements of the building.

Equalities Impact

14. The existing facilities cannot, at reasonable expense, be adapted to facilitate access to the pools by the disabled. The new facility will be fully accessible and be compliant to the Disability Discrimination Act. The flexibility of the facility will help to ensure increased participation, especially from Council target groups. A full equalities impact assessment will be conducted.

Financial Impact

15. This is a major project for the Council with overall costs of building the new competition pool anticipated to be between £5.5M - £8M, depending on the final model design that is used. It will be funded by a mix of prudential borrowing, capital receipts and developer contributions. A financial breakdown has been provided in appendix four of the business case. Any external funding opportunities will also be pursued.
16. Based on the current estimates and timescales it is projected that the Council will be able to prudential borrow approximately £4.4M against the £330K per annum savings made from the closure of TCP and BLP, which would be over a 19 year period. This would currently give the Council a financial envelope of approximately £6M for the project. If the Council wanted a more aspirational design towards the top end of the anticipated project costs, then it would need to look for additional external funding. To prudentially fund a £7.3M net project, an additional £250K of revenue funding per annum would need to be found. The gateway for necessary approval of the financial envelope will be CEB in June 2010.
17. The Council will need to identify and commit capital expenditure of approximately £200K to pay for the services needed to take the Council to a decision point on whether it wants to progress to the

build stage. There is currently no unallocated capital funding within the Council's budget. The capital programme is being reviewed for slippage as part of the quarter three budget monitoring. The Head of Finance anticipates that the required £70K can be vired from another scheme for the current year and a verbal update will be given to the committee. The £130K required for 2010/11 will form part of the new Capital Budget to be approved in February 2010.

Legal Implications

18. A lease will need to be secured for the land at Blackbird Leys and negotiations with the County Council are sufficiently advanced, with a draft lease being in circulation. Should the project not proceed at the approval stage (9b), then the land would still be the City Councils concern. This would have minimal implications.
19. Within the Leisure Management Contract Fusion are effectively put in the position of being the "first choice" operator of this new facility, on the basis of the Council's stated preference for having only one leisure operator. On request from the Council they are obliged to provide us with their financial and operational proposals for running the facility. Only if the Council does not accept these proposals will the Council be required to go out to tender.

Recommendations:

- CEB is asked to approve the final feasibility and design fees expenditure and note that this will be funding by a virement from another capital scheme in 2009/10 and form part of the Council's Capital Budget in 2010/11.
- That the outline business case is approved and approval is given to further develop the business case and financial appraisal in line with different design options for the new competition pool.
- That delegated authority is given to the Executive Director City Services to appoint the Design Team and Project Manager for the new competition pool.
- That approval is given to start the associated consultation processes.

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List of background papers:

Version number: 1.3

Appendix 1 – Risk Register

Risk Management

Last update: Jan 10 vs 1.1

Risk Register Relating to: CEB Report – New Competition Pool

Date: Jan 2010

No.	Risk Description Link to Corporate Obj	Gross Risk	Cause of Risk	Mitigation	Net Risk	Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness	Current Risk
Risk Score Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain								
1	<ul style="list-style-type: none"> There is a risk of not being able to proceed to the build stage for the project if the outline business case is not financially viable 	5 3	<ul style="list-style-type: none"> Under-developed Business Case Prudential borrowing not agreed Financial errors in the business model Insufficient finance to meet world class aspirations 	<ul style="list-style-type: none"> Develop a fully costed business case HL (Dec 2009 & Jun 2010) Confirmation of Prudential Borrowing SF (Dec 2009) Head of finance to sign off figures SF/PG (Dec 2009 & Jun 2010) 	5 2	Action: Reduce Further feasibility to be completed with design team. Final project sign off in Jun 2010 HL Action Owner: Ian Brooke / Penny Gardner Mitigation Control Owner: Ian Brooke / Hagan Lewisman	Outcome required: Final business case Milestone Date: June 2010	5 2
2	<ul style="list-style-type: none"> TCP and /or BLP close before the planned closure date due to building or equipment failure that is not VFM to rectify Reputational 	3 5	<ul style="list-style-type: none"> Facilities are well passed their recommended life span 	<ul style="list-style-type: none"> Effective operating systems within the centres Fusion A planned approach to open the new facility before either site closes HL (Dec 2009 & Jun 2010) 	3 3	Action: Accept: . Action Owner: Ian Brooke Mitigation Control Owner: Ian Brooke / Hagan Lewisman	Outcome required: Achieve case business benefits. A planned approach to open the new facility before either site closes	3 3

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Risk Score Impact Score: 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain								
	damage							
3	<ul style="list-style-type: none"> The new facility combined with the planned closures does not lead to a net increase in participation Reputational damage 	5 2	<ul style="list-style-type: none"> Lack of community understanding that the new pool is a community pool and not just a competition pool Limited research 	<ul style="list-style-type: none"> Effective business case developed. (Dec 2009 & Jun 2010) Regular communication (new pool board) IB (Dec 20210 Every two weeks) Develop consultation and communication plans to proactively market the benefits for the local community LD/HP/HL (Feb 2010) 	5 1	Action: Accept Action Owner Mitigation Control Owner: Ian Brooke	Outcome required: Community support for project Milestone Date: Feb 2010	5 1
4	<ul style="list-style-type: none"> £200K for design team costs are abortive costs 	4 3	<ul style="list-style-type: none"> Project does not proceed to build stage in June 2010 due to insufficient finance, planning consent, or priorities have changed 	<ul style="list-style-type: none"> Effective business case developed. HL (Dec 2009 & Jun 2010) Regular communication (competition pool board) IB (Dec 20210 Every 	4 2	Action: Accept Action Owner: Mitigation Control Owner: Ian Brooke / Hagan Lewisman	Outcome required: Project proceeds to build stage Milestone Date: June 2010	4 2

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Risk Score Impact Score: 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain						Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 =			
					<p>two weeks)</p> <ul style="list-style-type: none"> • Pre-application for planning HL (April 2010) • Set up payment stages within the contract JL (Jan 2010) 				