

# Cabinet

23 September 2020



<b>Title</b>	Replacement of Spelthorne Leisure Centre		
<b>Purpose of the report</b>	To make a decision and a recommendation to Council		
<b>Report Author</b>	Lee O'Neil, Deputy Chief Executive Richard Mortimer, Property Development Adviser Jennifer Medcraft, Communications Manager		
<b>Cabinet Member</b>	Councillor Rose Chandler	<b>Confidential</b>	Main report: No Appendix 5: Yes
<b>Corporate Priority</b>	Clean and Safe Environment		
<b>Recommendations</b>	<b>Cabinet is asked to:</b> <b>(a) Note the results of the consultation exercise on proposals for a new Spelthorne Leisure Centre ("the new centre") undertaken in February – April 2020, seeking the views of residents, businesses and other stakeholders on proposals for:</b> <ul style="list-style-type: none"><li>• The revised location,</li><li>• The proposed design and facilities mix for the new centre;</li></ul> <b>(b) Approve the amendments to the design of the new centre as outlined in Appendix 4;</b> <b>(c) Approve modifications to the design of the new centre to meet the full Passivhaus standard;</b> <b>(d) Agree to the submission of a planning application for the development of the new centre on the proposed site outlined in Appendix 1, with the proposed facilities mix outlined in Appendix 2;</b> <b>(e) To delegate the decision regarding the selection of the contractor for the construction of the new centre to the Leader and Portfolio Holder for Leisure in conjunction with the Deputy Chief Executive;</b> <b>(f) Recommend to Council a supplementary capital estimate outlined in the confidential Appendix 5 to cover the projected costs of developing the new centre.</b>		
<b>Reason for Recommendation</b>	To ensure that the Council can progress with proposals to develop a new Spelthorne Leisure Centre before the current facility becomes unviable to operate.		

## 1. Key issues

### Background information

- 1.1 The current Spelthorne Leisure Centre in Staines-upon-Thames has served the borough well, but it is likely that by the end of 2021 this facility will be nearing the end of its useful life. It is a well-used facility which in 2019/20 had 507,845 visitors, 3,361 fitness members and 1,737 children registered on the centre's learn to swim scheme. The facility is also used by 8 schools for swimming lessons in addition to other school sports festivals such as indoor athletics, indoor football and swimming galas.
- 1.2 In view of the importance of this centre to the community, a feasibility exercise has been undertaken to assess options for replacing the current facility.
- 1.3 The options of refurbishing the current centre or rebuilding a new centre on the current site were considered and deemed not to be viable for the reasons outlined in paragraphs 1.2 and 1.7 respectively of the [report to Cabinet dated 29 January 2020](#).
- 1.4 Cabinet therefore made a decision to pursue the development of a new leisure centre which meets modern standards and today's customer expectations; and asked officers to identify a new location for this facility.

### Proposed location

- 1.5 In seeking a new location a range of criteria were considered which are outlined in paragraphs 1.5 – 1.6 of the report to Cabinet dated 29 January 2020.
- 1.6 A public consultation exercise was held in summer 2018 on proposals to build the new leisure centre on Staines Park. Despite strong support overall for a new leisure centre, there was significant local concern over the use of Staines Park for this facility. The Council therefore made a decision in September 2018 to seek an alternative location for the new leisure centre.
- 1.7 An extensive evaluation process was subsequently undertaken to identify alternative options for the relocation of the Spelthorne Leisure Centre, which identified that if the originally proposed facilities mix was modified, the most viable site for a new centre was the open space between the current leisure centre and the Knowle Green Council offices (site X in **Appendix 1**), but that in order for the new facility to fit on this site, this location would have to be combined with the existing leisure centre site (site Y in **Appendix 1**), which would be used as car parking for the new centre. By phasing the development it would be possible for the current leisure centre to remain open for as long as possible until the new centre is operational.
- 1.8 The proposed location is land owned by Spelthorne, not in the Green Belt and is not leased to any third parties. Although the open space (site X) is currently designated as public open space, the use of this site for a new leisure facility would ensure that no designated parks, recreation grounds or other significant community uses are affected.
- 1.9 A usage survey has been undertaken during school term and outside of term-time that demonstrates site X is only used minimally by the public.
- 1.10 A range of technical studies have also been completed which have confirmed the suitability of the proposed site for a leisure centre development.

## **Proposed facilities mix**

- 1.11 A detailed feasibility exercise has been undertaken to establish the optimum and most flexible facilities mix which should be provided at the new leisure centre, taking into account the need to remove the full-size 3G pitch originally planned, and the size of the site which is now being proposed for the development. This work, which included the development of a detailed business case, was undertaken by the Sports Consultancy, who have extensive expertise in assisting local authorities in the development of new leisure facilities.
- 1.12 This work has taken into consideration a range of factors including Spelthorne's leisure needs analysis, the borough's current and future demographics, current industry data and the Council's key drivers, including the need to maximise the financial viability of the new centre where possible. Work was also undertaken with local sports clubs to understand their preferences for facilities within the centre and feedback from over 2,300 consultee responses from the public consultation undertaken in 2018 was also taken into consideration. The proposed facilities mix arising from these exercises is outlined in **Appendix 2**.

## **Consultation process and results**

- 1.13 A consultation exercise on the Council's revised proposals was undertaken earlier this year, building on the information gathered from the first consultation undertaken in summer 2018.
- 1.14 This second consultation exercise was launched on 28 February 2020, starting with a two day drop-in event at the current Spelthorne Leisure Centre. The consultation process was originally planned to run until 27 March 2020 but, in view of the developing COVID-19 crisis, it was decided to extend the deadline for responses to 10 April 2020.
- 1.15 The attached report (**Appendix 3**) outlines the consultation process undertaken and the responses to the questions posed in the questionnaire, which sought comments on:
- (a) The proposed location for the new leisure centre,
  - (b) The proposed revised facilities mix, and
  - (c) Our design concept for the new centre.
- 1.16 The headline results from consultation are as follows:
- (a) 97% of respondents said they were in favour of the proposed location for the new leisure centre.
  - (b) 92% of respondents said that the range of facilities would meet their needs.
  - (c) Of the proposed facilities mix:
    - i) 75% said they would use the 25m swimming pool and 52% would use the learner pool and the splash zone for children.
    - ii) Nearly 59% would be likely to use the health and fitness suite
    - iii) 78% would use the multi-activity studio and spin studio
    - iv) 31% would use the interactive climbing facility

- v) 52% would use the sports hall and squash courts
  - vi) 63% said they would use the café
  - vii) 48% would be interested in a roof garden
  - viii) 67% found car parking important
  - ix) 30% would be using the bike sheds
- (d) Comments regarding additional facilities that people wanted to see included:
- i) 16% of those comments related to the need for more studio space, either for them to hold more people or an additional studio, citing the fact that demand exceeds supply for the classes available at the current Leisure Centre;
  - ii) A small number of people thought the centre should contain a 50m pool, waterslides, diving boards and larger changing rooms.
- (e) Of the additional comments received from a small number of people the main themes included:
- i) Environmental issues - the need for a design which was as environmentally sustainable as possible, concerns about noise, light pollution and traffic during construction.
  - ii) Parking, bike storage area – positioning of spaces and lighting etc.

1.17 The results of the consultation process have been discussed by the Council's Leisure Centre Development Working Group (LCDWG). This comprises of the Leader of the Council, the Portfolio Holder for Leisure Services, the Deputy Chief Executive, the Property Development Advisor, the Communications Manager and the Sport and Facilities Manager.

1.18 Taking into account the results of the consultation process, including the specific comments made, the LCDWG agreed that a number of minor amendments should be made to the design of the new centre to take into account some of the comments made by respondents to the questionnaire (e.g. in relation to the availability of studio space). The LCDWG also agreed that the design team should further explore any enhancements which could be made to the design to maximise its environmental credentials and minimise energy usage and associated costs.

#### **Amendments to the design**

1.19 The design team have taken on board a number of the comments received and have made a range of amendments to the design. These are outlined in **Appendix 4**.

1.20 The provision of a 50m pool was previously considered as part of the detailed feasibility analysis outlined in 1.11 and 1.12 above and was not considered viable taking into account a range of factors including the limited space available on the proposed site and the likely demand vs. build and running costs.

#### **Enhancing environmental performance**

1.21 The design team have undertaken some detailed work following the last consultation exercise to explore options for further improving the

environmental performance of the new centre. Typically, leisure centres consume significant levels of energy in order to deliver appropriate climate controlled environments for the activities which take place in them. Being mindful of these impacts on the environment and the rising costs of energy consumption, the design team have sought to actively mitigate these impacts, including exploring the possibility of meeting the Passivhaus standard.

- 1.22 The Passivhaus Institute is based in Germany and is a world leader in setting standards for mitigating the harmful environmental impacts of operating all types of buildings. Passivhaus accreditation is a voluntary standard for achieving energy efficiency which significantly reduces a building's ecological footprint and results in an ultra-low energy, thermally efficient designed building that requires minimal energy for space heating and cooling, which also helps to significantly reduce energy bills and provides higher standards of air quality and comfort for its occupiers.
- 1.23 The design team have calculated that, compared to the current design, if the Passivhaus approach was fully applied to the design of the new leisure centre this would result in:
  - (a) A reduction in energy consumption by up to 70%;
  - (b) A reduction in associated CO<sub>2</sub> of 60-70%; and
  - (c) 50% less waste.
- 1.24 The lower energy use would result in a reduction in energy costs of £37/m<sup>2</sup>, which would provide an estimated annual saving of £304,473 based on current energy cost levels. Energy costs are forecasted to increase in the medium and longer term, thereby increasing the potential annual savings. This estimated annual saving is significantly more than the additional financing cost of the additional capital expenditure required to meet the Passivhaus standard.
- 1.25 The option of pursuing a full Passivhaus design for the new centre is supported by all members of the LCDWG and, taking into account the results of the consultation exercise, this Group is of the opinion that:
  - (a) The Council should proceed with a planning application for a new leisure centre on the proposed site (as outlined in **Appendix 1**) incorporating the proposed facilities mix outlined in **Appendix 2**.
  - (b) The Council should proceed with the amendments to the design outlined in **Appendix 4**, based on the feedback from the consultation process.
  - (c) The centre should be designed to meet the full Passivhaus standard.

## **2. Options analysis and proposal**

### **2.1 Option 1 (preferred option – pursue development of full Passivhaus standard leisure centre)**

For Cabinet to:

- (a) Note the results of the consultation exercise on proposals for a new Spelthorne Leisure Centre undertaken in February – April 2020;

- (b) Approve amendments to the proposed design of the new leisure centre as outlined in section **Appendix 4**;
- (c) Approve modifications to the design of the new leisure centre to meet full Passivhaus standard, as outlined in section 1.21 – 1.24;
- (d) Agree to the submission of a planning application for the development of a new leisure centre on the proposed site outlined in **Appendix 1**, with the proposed facilities mix as outlined in **Appendix 2**;
- (e) To delegate the decision regarding the selection of the contractor for the construction of the new leisure centre to the Leader and Portfolio Holder for Leisure, in conjunction with the Deputy Chief Executive.
- (f) Recommend to Council a supplementary capital estimate outlined in the confidential **Appendix 5**, to cover the projected costs of developing the new centre.

This option would enable the Council to deliver a new leisure centre which will be flexible enough to meet the needs of our residents and help maintain and improve their health and wellbeing for many years to come. By fully complying with Passivhaus standards, the new centre would meet some of the strictest environmental standards currently specified for new buildings in terms of energy use, CO<sub>2</sub> emissions, waste and internal air quality standards, and would make the facility the first leisure centre in the UK to fully meet these standards.

## 2.2 **Option 2 (pursue development of a leisure centre which does not meet the full Passivhaus standard)**

For Cabinet to:

- (a) Note the results of the consultation exercise on proposals for a new Spelthorne Leisure Centre undertaken in February – April 2020;
- (b) Approve amendments to the proposed design of the new leisure centre as outlined in section **Appendix 4**;
- (c) Agree to the submission of a planning application for the development of a new leisure centre on the proposed site outlined in **Appendix 1**, with the proposed facilities mix as outlined in **Appendix 2**;
- (d) To delegate the decision regarding the selection of the contractor for the construction of the new leisure centre to the Leader and Portfolio Holder for Leisure, in conjunction with the Deputy Chief Executive.
- (e) Recommend to Council a supplementary capital estimate outlined in the confidential **Appendix 5**, to cover the projected costs of developing the new centre.

This option would enable the Council to deliver a new leisure centre which will be flexible enough to meet the needs of our residents and help to maintain and improve their health and wellbeing for many years to come. However, although this option would incorporate a range of features to minimise the impact of the new centre on the environment, the centre would not meet the higher environmental standards of Option 1.



### 2.3 **Option 3 – To propose an alternative option for the development of a new leisure centre**

Any alternative options put forward would have to be based on a thorough analysis of needs, location and viability. In deciding on the proposed location the LCDWG have reviewed alternative sites and the proposed facilities mix reflects expert analysis and feedback from all consultation and stakeholder engagements undertaken.

### 2.4 **Option 4 - Not to proceed with the development of a new leisure centre**

This is not recommended as the current Spelthorne Leisure Centre will be coming towards the end of its useful life in 2021. Costs of repairs to the current centre will increase over time. It is therefore necessary to move forward with proposals to replace this facility within the next few years before it becomes unviable to keep the existing centre open. Results from the first and second consultation exercises held in 2018 and 2020 respectively, have indicated that there is public support for a new facility.

## 3. **Financial implications**

- 3.1 A budget of £2.984m for the design of the new leisure centre has been allocated within the current capital programme. The costs to date of design work for the new centre are £996,000. Designing the new centre to fully meet the Passivhaus standard would cost a further £320,000.
- 3.2 The remaining budget within the capital programme for design costs would therefore be £1.668m for a full Passivhaus standard leisure centre. For a non-Passivhaus leisure centre the remaining budget would be £1.988m (reflecting the lower design costs).
- 3.3 The total design fees for a completed Passivhaus scheme will be approximately £3.304m. A significant proportion of these fees will be novated over to the development contractor as part of the overall construction costs.
- 3.4 The projected costs of developing the new centre are outlined in the confidential **Appendix 5**.

## 4. **Other considerations**

- 4.1 An Equality Impact Assessment has been completed by the Council's Leisure Services team and this has been fully considered in designing the new leisure centre. Some of these issues will be the responsibility of the operator and this would be taken into account in drafting any future operator contract.
- 4.2 It is proposed to run the tender process for the new operator contract in parallel with the design and build process in order to bring the selected operator on-board before the construction of the centre is completed. The operator could then be involved in decisions on the final fit-out of the centre.

### **Risks**

- 4.3 The Design Team have designed the new centre up to Stage 3 and are now progressing into detailed design, Stage 4a. This will provide a high level of detail for contractors to price against when bidding and will therefore help in obtaining accurate pricing for our proposals.



- 4.4 Progressing the planning application remains the most elastic element of the project at this stage, as it can be difficult to determine how long this process may take. In order to mitigate this, the Council's application will provide more detail than typically required for submission purposes and engagement has already been undertaken with most key stakeholders, including two pre-application meetings with the Local Planning Authority. It is therefore hoped that most issues which can be addressed have now been dealt with, which should assist in getting any planning application determined within the statutory timescale of 13 weeks.
- 4.5 Macroeconomic issues have resulted in the wider procurement market continuing to soften. Similarly, interest rates continue to remain at historically low levels. It is therefore currently a good time to be buying and funding construction work. This situation could, however, change depending on future developments in the UK's economic climate and any changes following Brexit.
- 4.6 The current Spelthorne Leisure Centre was required to close during the COVID-19 pandemic lockdown but reopened on 1 August 2020 following the Council agreeing a one-off financial support package for the existing operator, Everyone Active. There is a risk that if a second wave of the pandemic occurs the centre may be required to close again. Any prolonged closure of the leisure centre could potentially affect its customer base and lead to reduced income from any future operator contract.
- 4.7 Although the COVID-19 pandemic has affected usage of the current leisure centre, it is not anticipated that this will have any impact on the proposed facilities mix required for the new centre when it opens in 2024.

#### **Procurement process**

- 4.8 There are two main procurement routes which could be taken to deliver the new centre. Both have their advantages and disadvantages:
- (a) OJEU – restricted or open tender:
- i. Longer route to market (would take around 3 months longer than going via a compliant framework);
  - ii. Would provide access to the UK's 6-7 leading leisure centre development contractors (including BAM, ISG, Keir, Morgan Sindall, Pellikaan, Wates and Willmott Dixon). Soft market testing has established that all the key contractors would be interested in such an opportunity.
- b. OJEU compliant framework:
- i. Quicker route to market (offering a 3 month advantage over the OJEU open or restricted tender processes).
  - ii. The organisations on the framework agreement have already been through a pre-qualification stage to assess their suitability to provide the works and the terms of the contract are already set by the framework agreement.
  - iii. The downside is that no single framework offers access to all the top leisure centre development contractors, in most cases only 2-3 in any one framework.
  - iv. Single supplier OJEU compliant frameworks. These are available where the client requires the quickest route to market. These frameworks have been through an OJEU tender process to select a

single contractor. However this means working with a single supplier rather than having the benefit of any competition.

- 4.9 The OJEU restricted or open tender routes potentially offers the best route to market. Whilst, the procurement process may take 3 months longer, it offers the opportunity to develop the best detailed design solution and obtain best value for the Council; this would not limit access to any of the top tier contractors, all of which have already expressed interest in competing for this project. However, if a quicker route to market is required then framework options can be considered.

## **5. Sustainability/Climate Change Implications**

- 5.1 The recommended option (Option 1) would deliver the first fully Passivhaus compliant leisure centre in the UK (there are a small number of leisure centres in the UK which partly meet those standards). By delivering a centre which meets such high environmental standards the Council would demonstrate its commitment to sustainability and minimising climate change, which would act as an exemplar to other Councils and local businesses/developers.

## **6. Timetable for implementation**

- 6.1 If Cabinet approve the above recommendations and the Council approves the supplementary capital estimate, the estimated timetable for the various elements of the development programme would be as follows (assuming an OJEU open or restricted tender process is used):

(a) Planning programme:

- |                         |                      |
|-------------------------|----------------------|
| i) Planning Submission  | - Late November 2020 |
| ii) Planning Permission | - March 2021         |

(b) Procurement programme:

- |  |                     |
|--|---------------------|
| i) Open Day For Interested Bidders           | - Late October 2020 |
| ii) OJEU notice issued                       | - End November 2020 |
| iii) Submission tenders following SQ and ITT | - End February 2021 |
| iv) Contract awarded to Contractor On PCSA   | - Early May 2021    |
| v) Main Contract for works                   | - November 2021     |

NB. It is proposed to run the procurement process in parallel with the planning process to increase time efficiency and limit lead in times to starting on site. This is an indicative timeframe and may be subject to variance depending on the conclusion of design information and the grant of planning permission.

(c) Construction programme

- |                          |                     |
|--------------------------|---------------------|
| i) Start on Site         | - Mid January 2022  |
| ii) Practical Completion | - Mid February 2024 |

6.2 If a procurement from a Framework is used, elements 6.1 (b) and (c) above could be delivered approximately 3 months sooner.

**Background papers:**

[Link to previous Cabinet report – 29 January 2020](#)