



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
10 September 2019
Agenda Item 10

Key Decision [Yes]

Ward(s) Affected: Hillside

Wadurs - Changing Room extension and M&E Works

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to seek approval to move funding from other approved Adur Community Leisure (ACL - known as Impulse Leisure) capital projects to fund the new changing room and M&E works at Wadurs Swimming Pool. This is due to an identified budget shortfall following a recent tender process for the project.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- Notes the increased cost of the extension to WADURS swimming pool and replacement boilers;
 - Approves the use of the following budgets allocated for 2 projects; roofing and glazing (£84,750.00) and electrical rewiring (£34,000.00) for Lancing Leisure Centre to be re-allocated in order to fund the changing room and M&E works project at WADURS.
 - Notes that Adur Community Leisure (ACL) have bid for £40,000 funding from Veolia to enable sufficient funding to be available for the project to proceed. ACL will not know the outcome of the bid until 3rd September 2019.
 - Approves that if ACL are unsuccessful in their bid, that £40k of the

current revenue budget underspend is utilised to ensure that the project progresses in the current financial year.

- Notes that the project is dependent upon planning approval being granted, as due to the imminent expiry of the current planning approval, a new planning application has had to be submitted. A decision is expected after the September 2019 Planning Committee.

3. Context

- 3.01 Wadurs is one of three popular leisure sites, owned by Adur District Council, and managed by Adur Community Leisure, known as Impulse Leisure. Impulse Leisure is a charity that provides affordable, accessible, leisure opportunities to our communities. They not only provide traditional sporting and leisure activities, but are connected with the Councils health and wellbeing teams, providing activities for those referred via their GP and are one of the key providers of support for people of all ages wanting to increase activity levels and connect with other residents in their area. The Council has a formal funding and management arrangement with Impulse Leisure and is responsible for certain capital projects, which are subject to the same governance arrangements as any other scheme.
- 3.02 Wadurs (a swimming facility) is benefiting from increased attendances and record delivery of swimming lessons, with over 900 pupils registered into the swim school. The facility suffers however, with small cramped changing facilities which cause logistical issues for staff and customers and does not provide a good customer experience. Overall there is a concern that this is unsustainable in the long term and will affect the current and future use of the pool.
- 3.03 Currently staff have to walk through the existing changing rooms and across an access way, which is open to the elements, to a portacabin which is being used as an office and staff facilities. This is not ideal when classes and lessons are taking place.
- 3.04 The proposal is to provide modern and enlarged changing room facilities including a 'changing places' facility.
- 3.05 In addition to the proposal for new changing facilities, a stock condition survey prepared by our consultants FFT in September 2018, identified

that both the boilers and the air handling units at Wadurs are reaching the end of their economic life. Impulse Leisure have confirmed that the boilers are beginning to be problematic and spares are difficult to source. Should the boilers fail, the pool would be unable to operate. The replacement of the boilers is a contractual responsibility of the Council. Additionally operational issues are being experienced with the air handling units and following a more detailed inspection by specialist consultants, it is now recommended that the air handling units and ducting is replaced/refurbished in conjunction with the boiler replacements to avoid further disruptive works within the next few years.

- 3.06 Originally it was agreed that Impulse Leisure would deliver the changing room extension project, independent of the M&E plant replacements. However as the need to replace the boilers and air handling works has emerged, it has become apparent that delivering these as two separate schemes is unwise and creates potential risks to the satisfactory delivery of both schemes.
- 3.07 The Council agreed to provide funding of £120,000 to support the changing room scheme. In addition, Impulse Leisure secured Sport England Funding of £50,000 and £17,130 of their own funding, giving a total budget of £187,130. Following a review by a cost consultant, it is now clear that that this budget is insufficient to meet the extension project. Instead we have been provided with budget estimates of £265,000 for this element of the project.
- 3.08 The approved capital bid for the boiler replacement was with a budget of £90,000. Unfortunately this has also been assessed as insufficient if a provision for the air handling works is included, as recommended by the specialist consultant. The total budget for this element of the work is now estimated to be £185,000.
- 3.09 Therefore the estimated budget required for both projects is £450,000 inclusive of external consultant and Technical Services fees.
- 3.10 In order to test this budget in the open market, tenders were invited for both schemes, combined into one single tender package, to see if this would result in cost savings. Unfortunately the tender received from the recommended contractor is approx. £42,000 above the budget estimate provided. Given the complexity and specialist nature of some of the

works, there are minimal options to value engineer the project to reduce this figure.

- 3.11 This result has compounded the previously identified budget shortfall. Therefore, in addition to the funding currently in place, and assuming the £40,000 Veolia application is successful, additional funding is still required as outlined in table 1.

Table 1

	Changing Rooms £	Boilers/M&E £	Total £
Capital Funding agreed	120, 000	90, 000	210, 000
Sport England	50, 000		50, 000
ACL	17, 130		17, 130
Veolia (not confirmed)	40, 000		40, 000
Total funding available			317,130
Total Required			492,000
Total current shortfall	492, 000 - 317,130		174,870

- 3.12 Consequently following internal discussions and discussions with Impulse Leisure, it is the recommendation of this report to seek approval to re-allocate the capital funding previously approved for the following schemes planned for Lancing Leisure Centre:

- roofing and glazing £84,750; and
- electrical rewiring £34,000

- 3.13 In relation to the roofing and glazing project this has been included as part of a new capital bid for 2021/22. We are re-reviewing the requirements for the electrical works project, and will bid for these works when required.

- 3.14 The funds from these capital projects, together with £20,270 from a contingency budget, a reduction in the normally applied 12% (£47,870) Technical Services fees to approx. 3% which reflects the input from external consultants (£12,020) are required to enable the project to proceed. The revised scheme budget is summarised in table 2:

Table 2

	£
Funding required	492,000
Less: Reduction in scheme cost following re-assessment of professional fees	-35,850
Adjusted budget	456,150

Funded from:	£
Original budget	317,130
Virements to be approved	118,750
Allocation from contingency budget	20,270
Revised funding for scheme	456,150

3.15 The options appraisal for this project are as follows:

3.16 **Option 1: Do nothing**

This option is not deemed reasonable given the risk of the boilers failing which would leave the facility unusable. Not only would this create huge financial and reputational issues for Impulse Leisure; as the owner of the site, the Council could potentially be liable to cover lost revenue. Hundreds of visits take place each year at Wadurs, this is therefore is not deemed to be an acceptable option.

3.16 **Option 2: Defer the boiler replacement and air handling works**

This option has the benefit of spreading the costs of delivering this project over a longer period of time. However there are key risks associated with this. The first, and most critical is that the plant fails and the facility cannot be used, leading to issues highlighted in Option 1. Additionally, splitting the project is likely to mean increased overall costs, as well as increased lost revenue from two separate closures to complete the work.

3.17 **Option 3: Defer the whole project until further funding can be made available**

As with Options 1 & 2 this leads to increased risk of the impact of

possible plant failure and also that the total overall costs of the project increase. The current tender remains open for acceptance until the 22nd October 2019, thereafter a new tender process will need to be completed.

3.18 Option 4: Re-allocate capital funds as recommended to commence this project within the 2019/2020 financial year.

Having considered the risks, issues and opportunities as outlined above, this is the recommended option which will allow the Council to

- Manage and mitigate the risk of plant (boiler) failure as quickly as possible
- Minimise disruption in terms of closure of the pool, to one episode, in order to complete the works.
- Minimise the risk of increased costs in the future, and over time
- Future proof the facility, enabling the pool to be accessible over the long term for our communities

The works proposed for Lancing Leisure Centre will be deferred and the issues identified can be managed in the short term through reactive maintenance repairs as required.

4. Engagement and Communication

- 4.01 Discussions are ongoing with Impulse Leisure and they are fully aware of the current shortfall and the proposals outlined in this report to use previously approved budgets as described above.

5. Financial Implications

- 5.01 The main financial implications are dealt with in section 3 of the report.
- 5.02 The financial regulations require proposed budget virements over £100,000 and up to £250,000 to be approved by the Executive Member.
- 5.03 The financial regulations also require that a report be prepared to inform the Executive where estimated expenditure on any scheme exceeds the Capital Programme provision by more than 10% or £50,000 whichever is lower, unless the amount is not material. The proposed extension of the swimming pool and replacement boilers are

now expected to cost £174,870 more than the original approved budgets.

- 5.04 This report is prepared in compliance with the Council financial regulations to ensure that members are aware of the likely overspend and the strategy to deal with the potential financial issue.
- 5.05 There is a risk that ACL are unsuccessful in their bid for external funding. If this is the case, the council has the option of utilising an element of the current projected underspend to top up the budget. Members will have a verbal update on the Veolia bid at the meeting.

6. Legal Implications

- 6.01 Section 19 Local Government (Miscellaneous Provisions) Act 1976 empowers the Council to provide recreational facilities; either directly themselves or through a third party. It includes the power to provide buildings, facilities, equipment, supplies and assistance of any kind, on such payment as the authority thinks fit.
- 6.02 Waders is owned by Adur District Council but managed on their behalf by Adur Community Leisure. The arrangement is governed by a formal funding and management agreement which imposes legal obligations upon Adur District Council including the funding of capital projects such as boiler replacement.

Background Papers

None

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Sustainability & Risk Assessment

1. Economic

- The proposed changing rooms will enhance the user experience and ensure that the facility can remain popular and attract new custom and income.

2. Social

2.1 Social Value

- The proposal supports the Council's commitment to the health and wellbeing of its community and the development of our sports strategy as outlined in our Platforms for our Places.

2.2 Equality Issues

- The proposal will support the use to all members of our community including the provision of a dedicated 'changing places' facility.

2.3 Community Safety Issues (Section 17)

- Matter considered and no issues identified.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Energy efficient boilers are proposed to reduce fuel consumption/CO2 emissions and running costs.

4. Governance

- This proposal supports the Council's development of its sports strategy, as outlined in Platforms for our Places.
- The Council may lose customers to other competitors if the facilities are not maintained to a modern and fully inclusive standard.