

To: The Deputy Leader and Members of the Community and Environment Board

(Councillors Bell, Fowler, Hobley, Jackson, Jarvis, Jenns, Melia, H Phillips, Ririe, Singh, Smith, Turley, Whapples and A Wright)

For the information of other Members of the Council

For general enquiries please contact Democratic Services on 01827 719226 or via e-mail democraticservices@northwarks.gov.uk.

For enquiries about specific reports please contact the officer named in the reports.

The agenda and reports are available in large print and electronic accessible formats if requested.

COMMUNITY AND ENVIRONMENT BOARD AGENDA

27 NOVEMBER 2024

The Community and Environment Board will meet in The Chamber, The Council House, South Street, Atherstone on Wednesday 27 November 2024 at 6.30pm.

The day after the meeting a recording will be available to be viewed on the Council's YouTube channel at [NorthWarks - YouTube](#).

AGENDA

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests.**

4 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members.

Members of the public wishing to address the Board must register their intention to do so by 9:30am two working days prior to the meeting. Participants are restricted to five minutes each.

If you wish to put a question to the meeting, please register by email to democraticservices@northwarks.gov.uk or telephone 01827 719226 / 01827 719237 / 01827 719221.

Once registered to speak, the person asking the question has the option to either:

- a) attend the meeting in person at the Council Chamber.
- b) attend remotely via Teams; or
- c) request that the Chair reads out their written question.

The Council Chamber has level access via a lift to assist those with limited mobility who attend in person however, it may be more convenient to attend remotely.

If attending remotely an invitation will be sent to join the Teams video conferencing for this meeting. Those registered to speak should dial the telephone number and ID number (provided on their invitation) when joining the meeting to ask their question. However, whilst waiting they will be able to hear what is being said at the meeting.

5 **Minutes of the meeting of the Board held on 20 August 2024** – copies herewith, to be approved and signed by the Chairman.

PUBLIC BUSINESS (WHITE PAPERS)

6 **Leisure Project Update and Options** – Report of the Interim Corporate Director – Streetscape

Summary

The report sets out the work undertaken to date to review the future provision of leisure facilities within North Warwickshire and the development of the new leisure project to date, it also outlines the key considerations and options for the board to consider in the future provision of new facilities to replace the current facilities at Polesworth and Atherstone. The paper also sets out the options available to the Council in respect of the future management and operation of the council's leisure facilities.

The Contact Officer for this report is Cath James (719295)

7 **Exclusion of the Public and Press**

To consider, in accordance with Section 100A(4) of the Local Government Act 1972, whether it is in the public interest that the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

8 **Leisure Project Update and Options** – Report of the Interim Corporate Director – Streetscape

The Contact Officer for this report is Cath James (719295)

9 **Waste In-Cab Solution** - Report of the Interim Corporate Director – Streetscape – **To Follow.**

The Contact Officer for this report is Cath James (719295)

STEVE MAXEY
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE COMMUNITY AND ENVIRONMENT BOARD

20 August 2024

Present: Councillor Bell in the Chair.

Councillors Fowler, Hobley, Jackson, Jenns, Melia, H Phillips, Ririe, Singh, Smith, Symonds, Turley Whapples and A Wright.

Apologies for absence were received from Councillor Jarvis (Substitute Councillor Symonds)

The Chair informed the Board that Agenda Item No 13 (Staffing Matter) was being withdrawn from the agenda to allow for further work to be carried out,

8 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

9 **Minutes of the Meeting of the Board held on 20 May 2024**

The minutes of the meeting held on 20 May 2024, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

10 **Leisure-related Section 106 Receipt**

The Director of Leisure and Community Development asked the Board to consider and determine the use of a leisure – related Section 106 receipt held by the Borough Council.

Resolved:

That the use of the Section 106 receipt referred to in the report of the Director of Leisure and Community Development be approved.

Recommended to Executive Board:

That the supplementary estimate of £104,477 be included within the capital programme for the proposed undertaking detailed in the report of the Director of Leisure and Community Development for Executive Board on 16 September 2024.

11 **Local Visitor Economy Partnership – Elected Member Forum**

The Director of Leisure and Community Development reported that, in response to representations from borough and district councils, the Coventry and Warwickshire Local Visitor Economy Partnership (LVEP) had established an Elected Member Forum to represent the interests of those

authorities, including the Borough Council and requested that a member of the Community and Environment Board be nominated to represent the Authority on that Forum.

Resolved:

That the establishment of the Elected Member Forum as part of the Local Visitor Economy Partnership (LVEP) be noted and a Councillor be nominated to represent the interests of North Warwickshire Borough Council on the Forum.

12 Fixed Penalty Notice Charge Increase

The Chief Executive requested that the Board consider increasing the fixed penalty notice charge in line with the revised charges in the Environmental Protection Act.

Resolved:

That an increase in the Fixed Penalty Notice charge as set out in the report of the Chief Executive be approved and that the amended charges take effect from 1 September 2024.

13 Leisure Project Update and Options

The Interim Corporate Director – Streetscape set out the work undertaken to date to review the future provision of leisure facilities within North Warwickshire and the development of the new leisure project to date. The key considerations and options for the Board to consider include the future provision of new facilities to replace the current leisure facilities at Polesworth and Atherstone , together with the options available to the Council in respect of the future management and operation of the Council’s leisure facilities.

Resolved:

- a That delegated authority be given to the Interim Corporate Director - Streetscape to award a contract with a design and build/developer partner to undertake the detailed feasibility and potential design of two new leisure facilities in Polesworth and Atherstone;**
- b That work proceeds with the preparation of a procurement process with the market to secure a ten plus 5-year contract for the future management and operation of the new and existing leisure facilities, as set out in the report of the Corporate Director – Streetscape;**
- c That a detailed business case to meet the Council’s aspirations for the provision of a new leisure/health facility at Atherstone continues to be developed;**

- d That a small member steering group made up of members of the Board to function as a sounding board in the development of the broader leisure project be established; and
- e That, due to the HMRC ruling regarding the leisure project, £471,655 VAT reclaimed for leisure income being fenced in a specific reserve fund.

Following the meeting it was agreed that the members of the Steering Group would be Councillor Bell (Chair), Whapples, Singh and Melia.

A document was circulated setting out the proposed terms of reference for the group which was agreed by the Board.

14 Budgetary Control Report 2024/25 (April – June)

The Interim Corporate Director – Resources detailed the revenue expenditure and income for the period from 1 April 2024 to 30 June 2024. The 2024/25 approved budget and the actual position for the period were given, together with an estimate of the outturn position for services reporting to the Board.

Resolved:

That the report be noted.

15 Minutes of the UKSPF Advisory Panel

The minutes of the meeting of the UKSPF Advisory Panel held on 13 June 2024, copies having been previously circulated, were noted.

Margaret Bell
Chair

Agenda Item No 6

Community and Environment Board

27 November 2024

Report of the Interim Corporate Director - Streetscape

Leisure Project Update and Options

1 Summary

- 1.1 This report sets out the work undertaken to date to review the future provision of leisure facilities within North Warwickshire and the development of the new leisure project to date.
- 1.2 The report outlines the key considerations and options for the Board to consider in the future provision of new facilities to replace the current facilities at Polesworth and Atherstone. The paper also sets out progress in respect of the future management and operation of the council's leisure facilities.

Recommendation to the Board

- a **Note the progress to advertise for; and to procure a new leisure operator for the Borough to manage all the new and existing NWBC Leisure facilities with a contract period of ten plus five years;**
- b **Note the progress to proceed with a design and build/developer agreement for the design and professional advice required to develop any new leisure facilities;**
- c **Proceed with the design, planning and procurement of a new leisure facility at Atherstone, to replace the existing facility off Long Street; and**
- d **The Board agrees to continue to develop a detailed business case to meet the Council's aspirations for the provision of a new leisure/health facility at Polesworth.**

2 Consultation

- 2.1 A workshop for all members of the Council has been arranged for the 20 November 2024 to provide an update on the North Warwickshire Leisure Project. Feedback from the workshop will form part of a verbal update at the Communities and Environment Board meeting on the 27 November 2024.

3 Introduction and Background

3.1 At the previous meeting of the board on 20 August 2024 the following recommendations were agreed.

- a) That delegated authority be given to the Interim Corporate Director of Streetscape to award a contract with a design and build/developer partner to undertake the detailed feasibility and potential design of two new leisure facilities in Polesworth and Atherstone. *An update is provided as part of this report.*
- b) The Board agrees to proceed with the preparation of a procurement process with the market to secure a ten plus 5-year contract for the future management and operation of the new and existing leisure facilities. *An update is provided as part of this report.*
- c) The Board agrees to continue to develop a detailed business case to meet the Council's aspirations for the provision of a new leisure/health facility at Atherstone. *An update is provided as part of this report.*
- d) The Board agrees to establish a small member steering group made up of members of the committee to function as a sounding board in the development of the broader leisure project. *This has been actioned.*
- e) The Board agrees to ringfence a specific reserve fund the £471,655 VAT reclaimed for leisure income due to the HMRC ruling regarding the leisure project. *This has been actioned.*

3.2 All of the above recommendations are in progress or actioned; this report talks through the individual activities and actions completed as part of the feasibility stage of the project.

3.3 A link to the previous report can be accessed [here](#) Agenda item 9, page 26.

4 Leisure Project - Phase 2 – Detailed Feasibility Stage

4.1 As part of the feasibility stage of the project a number of key principles were developed to identify key outcomes and risks moving forwards. These include the following:

- The project needs to deliver best value to the North Warwickshire taxpayer.
- All the scenarios presented in the report are high level cost estimates – Cost certainty will not be known until summer 2025.
- Inflation is a key factor in the timing of any build.
- The feasibility stage estimates are based on a mature service and do not include any transition costs or income build up in the first 12 months of operation of a new facility.

- The Council needs to be clear on what it is procuring from the market. Clarity on the way forward is needed to proceed into the next phase of the project, as markets do not respond well to risk. A lack of clarity may add additional costs to the project.
- The project needs to be mindful of the impacts of the Medium-Term Financial Strategy (MTFS) in relation to decisions around the type, size and spend associated with any future leisure project work. There is no statutory requirement for the Council to provide Leisure facilities however the Council does on a discretionary basis as it is considered to be of significant value to the residents of the Borough. However, the leisure project has to be affordable to the Council as there are limited options for reductions across other services in future years and the updated MTFS is highlighting £1.5m in reductions by 2028/29.

Feasibility Stage Activity

- 4.2 Following the board meeting in August, officers have been working on a number of key pieces of work, in line with the above principles, to refine a further series of options for the development of the leisure project.
- 4.3 The first element has involved reviewing the original SOPM (Strategic Outcomes Planning Model) developed by Max Associates to identify current and future leisure demand in the Borough alongside health needs and outcomes.
- 4.4 Max Associates were tasked with reviewing this piece of work over the summer and advising on an optimum facility mix based on current and future community need, latent demand within the population, demography of the Borough, trends within the leisure sector and commerciality of the products included.
- 4.5 In addition, the following activities have been progressed:
- Work has begun to start preparing the contract documentation and notices for the first stage of the leisure operator procurement where we will seek expressions of interest from the market in running our facilities old and new.
 - Completion of a high-level benchmarking and cost analysis on optimum facility mix for the development of new leisure facilities. This will be tested with potential operators prior to final design.
 - Site investigations/Surveys at Polesworth are ongoing – no indication of any major constraints at this stage.

5 Procurement Options for the appointment of a Design Partner

- 5.1 At the previous Board meeting, Members agreed to delegate authority to the Interim Director Streetscape to award a contract to a developer partner/Lead Design and Build team to work with the Council.
- 5.2 These designs will in due course be used to undertake further stakeholder and community engagement as well as form the basis of pre planning consultation.

- 5.3 The need to develop designs in the timescales set out in the project timetable at 10 will be critical to ensure that any future leisure operator is able to influence and input into the designs before final planning is sought, which will ensure that future revenues are maximised.
- 5.4 Previously Members have been advised that there were two procurement routes to market that would be reviewed to procure new facilities for the future, they are:
- Design & Build (two stage)
 - Design and Build with a development partner.
- 5.5 The advantages and disadvantages of the two approaches are summarised below together with an assessment of their appropriateness for the leisure project:

Type of arrangement	Key points	Key risks	Appropriateness
<p>Design & Build Two Stage: The design is developed by the local authority's technical team with expert support to RIBA stage 2/3. Bidders then provide their initial costs. The preferred bidder from stage 1 then develops the design with the council</p>	<p>This contracting arrangement is the most widely used. It maximises the transfer of risk from the local authority to the contractor. Offers the Council greater flexibility than the single stage route.</p>	<p>The key risk is cost 'creep' between the estimated cost at the first stage and the fixed price offer at completion of the second stage.</p>	<p>This is a viable option because it is widely understood and used by the construction market; and it gives the council more flexibility to modify the design</p>
<p>Design & Build with a development partner: The development partner takes the Council's requirements and develops the scheme with its own design team and (once agreed) uses its construction partner/ supply</p>	<p>There is a high transfer of risk to the development partner. One agreement and one relationship for the client. Improved efficiency and cost of delivery. Reduced tendering/estimating costs</p>	<p>The development partner selects their preferred architect and build partner: The Council has no influence on the selection of the design team or construction partner.</p>	<p>This is a viable option because it simplifies the procurement process and reduces the strain on the Council's internal resources. There are a limited number of contractors, but they have a proven track</p>

chain to deliver the project		There are only a limited number of contractors	record of delivery
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- 5.6 It was agreed that officers further assess the two most viable options and select the most appropriate option based on risk, expediency of delivery, costs, and the impact on internal resources.
- 5.7 External legal advice on procurement surrounding the two preferred options has been sought and will be reflected in the overall decision to select the best route to market for the Council.
- 5.8 Specialist leisure facility procurement advice has also been sought to provide technical advice around the various options and frameworks for the Council to consider.
- 5.9 Further to the report presented to the C and E board in August 2024 the specialist advice substantially confirms the previous recommendation to pursue a two-stage design and build or developer partner approach to construction.
- 5.10 Officers have engaged in a series of meetings with other councils to understand how the two different procurement routes have delivered good value facilities for others. In addition, a series of meetings have been undertaken with frameworks and providers themselves to provide an overview of what the market can offer. The advantages of using a framework are:
- A framework provides services and goods from pre-approved suppliers, with agreed terms and conditions and legal protections.
 - Suitable suppliers have signed up to pre-agreed terms and conditions,
 - Can help reduce the risk of contract failure and speed up the procurement process, which should help with internal resources,
 - Provides a structured approach ensuring accountability, transparency, and value for money, and
 - Can help build relationships with suppliers.
- 5.11 Preferred bidders for the design phase will be selected from a suitable framework to ensure value for money. Each procurement route is being assessed for cost management, risk transfer, expediency of delivery and quality control. A decision is likely to be made during December. It is critical to understand what the Council are building, to ensure that we are able to procure the right services.
- 5.12 Due to on-going negotiations, a further update on the preferred route to market will be provided at the meeting.

6 Leisure Operator Contract Procurement Update

- 6.1 A key requirement of the investment strategy for the new facilities is to create sufficient efficiencies through the future management of the Council's leisure portfolio to ensure that the borrowing costs for each new facility can be met in future years. The whole viability of the leisure project is predicated on this position.
- 6.2 In the August Board meeting Members agreed to authorise officers to undertake an external procurement exercise to maximise best quality and value for money for the future operation and management of the Council's leisure service.
- 6.3 It was agreed that the ideal contract length would be ten years plus an additional five.
- 6.4 The justification for recommending a 10 year plus an additional five years (at the discretion of the Council) is:
- Most externalised leisure contracts are 10+5 years; consequently, the potential bidders will be currently operating this type of contract for other councils. Nuneaton and Bedworth are currently out to tender in the market for the same length of contract.
 - The 10+5 enables the potential bidders to profile expenditure and income over a period which is sufficient for them to allow for depreciation for start-up costs such as branding, uniforms, IT systems, gym equipment, any refresh of the buildings at year 5.
 - It would normally take 2-3 years for the business to reach the industry-standard level of efficiency; and an operator may well predict a loss in the early years which are then offset by improved performance in the later part of the contract.
 - A longer contract enables the risk profile to be shared between the operator and the council. Short-term contracts place the burden of risk on the Council.
 - During soft market testing in winter 2023, all the operators contacted indicated a preference for a 10+5 contract.
- 6.5 Since the last Board meeting the Council has appointed Freeth's as our legal advisors, who will be liaising with Max Associates the Council's technical consultant, internal Legal Team and internal officers to ensure that the documentation required for the leisure project is complete and ready for implementation.
- 6.6 The operator contract and specification are the key documents that enable the Council to set out it's requirements and the terms under which the contract will operate.
- 6.7 The Council will want a fair deal which delivers its key outcomes, optimises the opportunities for an operator to drive efficiencies whilst presenting a value proposition which makes the service attractive to customers.

- 6.8 Achieving the optimum solution will be dependent on presenting the market with a suite of documents that they recognise as 'normal.' This is achieved by using industry-standard templates which describe the opportunity in terms the market will recognise.
- 6.9 Officers intend to work with the Member sounding board which was established in August 2024 to identify, review and discuss draft proposals for the main terms in the operator contract, specification and Key Performance Indicators which will then be presented for wider consideration by the full C&E Board in January 2025.

7 Ongoing Feasibility - Atherstone Leisure Complex

- 7.1 A design for a replacement Atherstone facility was submitted as part of an unsuccessful Levelling Up Fund (LUF) bid in 2022. Since this time officers have been reviewing the options for Atherstone Leisure Centre and the Memorial Hall and intend to develop a new set of design proposals that provide an affordable alternative to the current provision.
- 7.2 The outline business case for any new facilities/buildings are predicated on the capital costs (including interest on borrowing) being paid for by efficiencies generated by the operation of the improved facilities.
- 7.3 This is critical in terms of future affordability and the next section of potential options for the future management of the leisure provision is inextricably linked to this.
- 7.4 The scheme at Atherstone has been reviewed in light of an optimum facility mix provided by the council's Leisure specialist, Max Associates and the accommodation schedule revised to make it a simpler build/refurbishment project that meets the needs of the current and future population whilst being more affordable.
- 7.5 The high-level initial designs include:
- Improved swimming facilities
 - A new gym
 - Spin studio
 - Community room
 - Exercise room
 - A multi-purpose studio for larger classes
 - A flexible space for young people (e.g. clip and climb or soft play)
 - Café
 - Reception
 - Office
 - WCs
 - Male change for gym/ fitness
 - Female change for gym/ fitness
 - Village changes for the pools.

7.6 The optimum facilities mix has been developed using an industry-standard model which takes account of the demographic of the local population, current demand, future demand, competition and the likely revenue return on investment for each type of activity. The actual scope and scale of the facilities will also be tested with potential operators to ensure that the model takes account of current trends in the market and the commercial expertise of potential bidders. But fundamentally, any future capital investment by the Council on any existing or new facility will need to be affordable and financially sustainable.

7.7 The high-level estimated build costs, and more importantly the likely on-going revenue costs are set out in the confidential paragraphs 3.4 to 3.11.

7.8 The solutions considered for Atherstone included:
using the existing building as the basis for a major refurbishment, together with additional space to meet the necessary requirements,
- a phased build programme to construct an entire new building,
- complete demolition of the existing building and using the cleared site as required.

... A copy of the site plan is attached as **Appendix OR1**.

8 Feasibility of Abbey Green Site Polesworth

8.1 An initial design has been prepared for a new facility to be located in Abbey Green Park to include:

- A new gym
- Multi-purpose studios
- Community/ function room
- Male change
- WCs
- Female change
- Village change
- Café/reception
- Office

8.2 The proposed facilities mix for Polesworth has been developed by Max Associates following the same industry-standard process as that used to model Atherstone (demographics, current and future demand, competition etc). The same proviso applies to investment: it is predicated on the premise that any existing or new facility will need to be affordable and financially sustainable.

8.3 The high-level estimated build costs, and more importantly the likely on-going revenue costs are set out in the confidential paragraphs 3.4 to 3.11.

... 8.4 A copy of the site plan is attached at **Appendix OR2**.

8.5 The site has a number of identified risks including:
- Proximity to the canal and flood plain
- Highways access/egress

- Increased need for parking on the site
- Planning policy requirements

8.6 Current site surveys up to this stage - have identified no major barriers to construction at the site. It should be noted that the surveys at this stage do not include physical ground investigations and are preliminary with major agencies such as the Canal and Waterways Trust and Warwickshire County Council (WCC) minerals team. The Canal and Rivers Trust have not identified any major issues but may wish to be consulted on the foundation design. Similarly, WCC have confirmed that Abbey Green Park was created from an open cast mine in the 1950's and 1960's, and this may impact the design of the foundations for the new building. Further surveys will be required before an absolute position of siting a new leisure facility at this site can be confirmed.

9 **Affordability – Provision of new facilities**

9.1 During the feasibility stage a number of key factors have been identified. These include the following:

- Inflation – Delaying the build at Atherstone beyond 2025 is likely to lead to significant inflationary costs. Most construction contracts are currently allowing for between 10 and 20% rises per annum. The cost of construction at Atherstone is likely to be significantly higher than the build costs at Polesworth and it makes sense to consider accelerating this work in the projected programme.
- Current Facilities – The current leisure centre at Atherstone has had a series of failures and closures this year and the cost of maintaining and keeping the facility open continues to be challenging.
- MTFS – Affordability of any new leisure facilities is a key factor. The August C and E Board report stated that *A key requirement of the investment strategy for the new facilities is to create sufficient efficiencies through the future management of the council's leisure portfolio to ensure that the borrowing costs for each new facility can be met in future years. The whole viability of the leisure project is predicated on this position.* The confidential report sets out the key financial implications for members to consider.
- S106 Monies Polesworth/Future Housing growth and A5 implications - Members attention is drawn to the financial implications set out in the confidential report paragraphs 3.12 to 3.21.

9.2 In light of the key considerations and the financial estimates provided in the confidential Appendix attached, a revised timetable has been prepared to ensure the financial viability and expediency of the development of the new facilities.

10 Leisure Project Timetable

Construction			Operator Procurement	
Date	Polesworth	Atherstone Leisure Centre	Date	
Aug - Nov 2024		Design brief ready for development partner / planning consultation		
Aug - Dec 2024		Key planning surveys		
Sept - Nov 2024		Agree delivery option for Design & Build or Dev Partner	Nov-24	Agree procurement strategy
Dec-24		Capital delivery partner appointed	Sept - Dec 2024	Document preparation
			Jan-25	Final tender docs updated to reflect chosen Capital delivery partner route
			Feb-25	Advertise Tender and release Standard Questionnaire (SQ)
			Mar-25	SQ responses received and evaluated
Apr-25		Riba 3 - Planning submitted	Apr-25	Tender (initial) - Provide planning docs for building to enable bidders to submit revenue projections as part of tender
Jul-25	Feasibility confirmed re facility mix/ capital and revenue costs	Planning determined and Cost Certainty	Jun-25	Tender submitted
			Jul - Aug 25	Tender evaluated and affordability checked v capital cost certainty
Aug - Oct 2025	Final surveys completed		Aug - Sept 2025	Tender negotiation - aligned to capital cost certainty (includes variant for Polesworth)
			End Sept 25	Final tenders
Nov-25		Start on site	Oct-25	Preferred Tenderer selected
			Nov - Dec 25	Contract Mobilisation
Jan-26	Planning submitted		Jan-26	Contract commences and new operator supports final designs and mobilisation of new building
Apr-Jul 2026	Cost certainty and Start on site			
May-27		Hand over		After Practical Completion, Operator trains staff and prepares building for opening
Jun-27		Fit out		Operator manages fit out
Sep-27		Open	Sep-27	Atherstone opened
Nov-27	Hand over			
Dec-27	Fit out			
Jan-28	Open		Jan-28	Polesworth Opened

10.1 Whilst the timetable has been revised in line with the latest project deadlines, it still remains at a proposed high-level to show the potential interdependencies and timescales as the project progresses. As we are still in the feasibility stage of the project, this timetable is indicative and subject to change.

11 Key Council Options

11.1 The purpose of the feasibility stage of the project is to identify key risks and issues prior to the council continuing into the next gateway or phase of the project. A full options appraisal will be presented to councillors at the conclusion of the procurement stage once cost certainty has been achieved, enabling a further informed decision to be taken on the scope, viability, and affordability of future facilities, allied to the likely cost and savings that can be derived from an alternative management model.

11.2 **Option 1** - At this stage the Council still has the to do nothing option, whereby the project will stand down. No further consideration or review of leisure options within the Borough would be undertaken.

11.3 **Option 2** – Members agree the recommendations set out above to proceed with the Planning Development/Leisure Operator Procurement stage and revised project timetable as set out in this report.

11.4 **Option 3** – push the review of facilities back with the intention of considering the leisure offer within the Borough again at some point in the future.

11.5 Members are reminded that there is no statutory requirement for the Council to provide leisure services and the Council does so on a discretionary basis.

12 Risks

- 12.1 The corporate risk management process identifies and scores risks associated with the provision, management, and maintenance of leisure facilities. The process through which the procurement of new leisure facilities and future management and operation of the leisure service would require the detailed assessment of risk at a number of key stages throughout the project. This process will help to ensure that informed decisions can be made in respect of the most appropriate means by which to sustainably meet and manage the leisure-related needs of the local community.
- 12.2 Potentially significant risks include the following:
- Political
 - Project Management
 - Revenue Funding/ Affordability
 - Capital Investment/ Affordability
 - Procurement
 - Communications
 - Workforce/ HR
 - Operations
 - Legal
 - Contract Mobilisation and Monitoring
- 12.3 The early identification of risks is a key part of the project plan and managing those risks will form a regular part of the management of the project. Regular monitoring of the risk register and associated actions ensure that risks are actively managed and reported.
- 12.4 An Officer Project Board has been established to oversee the direction and delivery of the project. This board provides regular updates to management Team and will provide update reports to councillors and boards as required. The officer board is led by the interim Corporate Director of Streetscape and its membership includes the interim Corporate Director Resources, the Council's Head of Legal and Monitoring Officer, the Interim Assistant Director of Leisure, the Head of Corporate Services, the HR Manager, and other technical officers.
- 12.5 The Board is currently developing a comprehensive risk management matrix which will be shared with members during the feasibility stage of the project.
- 12.6 The most significant risks that need to be mitigated immediately in relation to the facilities are affordability, development risk, failure of existing centres/facilities, site feasibility and survey work, ground conditions, planning policy requirements and legal and procurement risks.

13 Report Implications

13.1 Finance and Value for Money Implications

- 13.1.2 The current cost of delivering leisure services is £2.1 million of which £700k is non controllable costs such as capital charges and support services, giving a net cost to the council of £1.4m.
- 13.1.3 As set out in all the board reports, the project needs to deliver best value to the North Warwickshire taxpayer. All the scenarios presented in the report at this stage are high level cost estimates – **Cost certainty will not be known until summer 2025.**
- 13.1.4 All feasibility stage estimates of cost are based on a mature service and do not include any transition costs or income build up in the first 12 months of operation of a new facility.
- 13.1.5 The Council needs to be clear on what it is procuring from the market. Clarity on the way forward is needed to proceed into the next phase as markets do not tend to respond well to risk. A lack of clarity may add additional cost to the project.
- 13.1.6 There is an existing budget of £3 million for the provision of refurbished/new leisure facilities at Atherstone. At the budget meeting in February members allocated a further £750,000 to develop an on-going feasibility and options appraisal for future provision at the site. There is also £471,655 which was reclaimed VAT because of the HMRC ruling on leisure income this has been put into a specific reserve for this project. At the same meeting, an additional £1.5 million was allocated to the provision of a new leisure facility at Polesworth.
- 13.1.7 Members will be aware that the council was un-successful in its bid to government as part of the Levelling up LUF proposals for what was the Atherstone leisure Hub proposal with NHS and County libraries. The latest budget statement from the chancellor did not identify any future funding options for the Council to consider. In any event, it is unlikely that future funding will be available in time to replace the current ageing facilities, and a revised design and footprint is currently being investigated.
- 13.1.8 The cost to procure and appoint a design and build and/or developer partner will be met from the existing project budgets set out in 13.5 above. At this stage, the cost of the work is unknown until the market exercise has concluded. Cost certainty will be known in Summer 2025.
- 13.1.9 The cost to procure a new leisure operator will be met from the existing project budgets set out in 13.5 above. At this stage, the cost of the new leisure operator contract is unknown until the market exercise has concluded.
- 13.1.10 The SOPM provided an outline business case for the new buildings at Polesworth and Atherstone which was predicated on the capital costs (including

interest on borrowing) being paid for by efficiencies generated by the operation of the improved facilities.

13.1.11 This is critical in terms of future affordability and the next section of potential options for the future management of the leisure provision is inextricably linked to this. Final agreement to proceed with the project will only be taken after a full options appraisal is provided to Board.

13.1.12 The project needs to be mindful of the impacts on the Medium-Term Financial Strategy (MTFS) in relation to decisions around the type, size and spend associated with any future leisure project work. The leisure project has to be affordable to the council. Leisure is a discretionary service and there are limited options for wider council savings in future years. The updated MTFS highlights reductions of £1.5m are required by 2028/29.

13.1.13 Further update reports will be brought back to the Community and Environment board over the course of the next few months setting out progress and identifying any further financial implications as the project progresses.

13.2 Safer Communities Implications

13.2.1 Leisure facilities contribute to community safety through the provision of well managed indoor and outdoor leisure and recreation services that are safe by design and afford opportunities for positive activity.

13.3 Legal, Data Protection and Human Rights Implications

13.3.1 No legal implications arise directly from this report. The Board is advised there is no statutory requirement for the Council to provide leisure however the Council does so on a discretionary basis as the significant value it is recognised to the infrastructure of the Community and Residents

13.3.2 The procurement process must be conducted in line with the Procurement Regulations and the Council's own procurement rules. Legal Services will advise and assist officers with regards to the conduct of the procurement process and the resulting contractual arrangements.

13.4 Environment, Sustainability and Health Implications

13.4.1 The provision of a sustainable, fit-for-purpose portfolio of well managed leisure facilities has a positive impact on the health and wellbeing of individuals and communities by providing opportunities for leisure and recreation activities and by contributing to an improved quality of life. Opportunities to improve the carbon footprint of our leisure facilities will be considered as part of this leisure project.

13.5 Human Resources Implications

13.5.1 The Council would need to ensure that any staff transferring from the Council to an external operator retain certain Terms and Conditions and pension

protections. The transfer of the Leisure Facilities service into an external organisation would result in Officers being transferred to the new organisation under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). In this situation, there are obligations to inform and consult with trade unions and affected employees. Employees have the right to transfer with their existing employment contracts and continuity of service.

13.6 Equalities Implications

13.6.1 It is intended that the operation of the Council’s Leisure Facilities service would ensure continued equality of access to sustainable, good quality leisure opportunities.

13.7 Links to Council’s Priorities

13.7.1 The proposals to develop new leisure centres and to transfer the leisure service to an external operator provides positive links to the corporate priorities in respect of:

- Efficient and sustainable organisation,
- Safe, Liveable, Locally Focussed communities,
- Prosperous, active, and healthy,
- Sustainable growth, protected rurality.

The Contact Officer for this report is Cath James (719295).

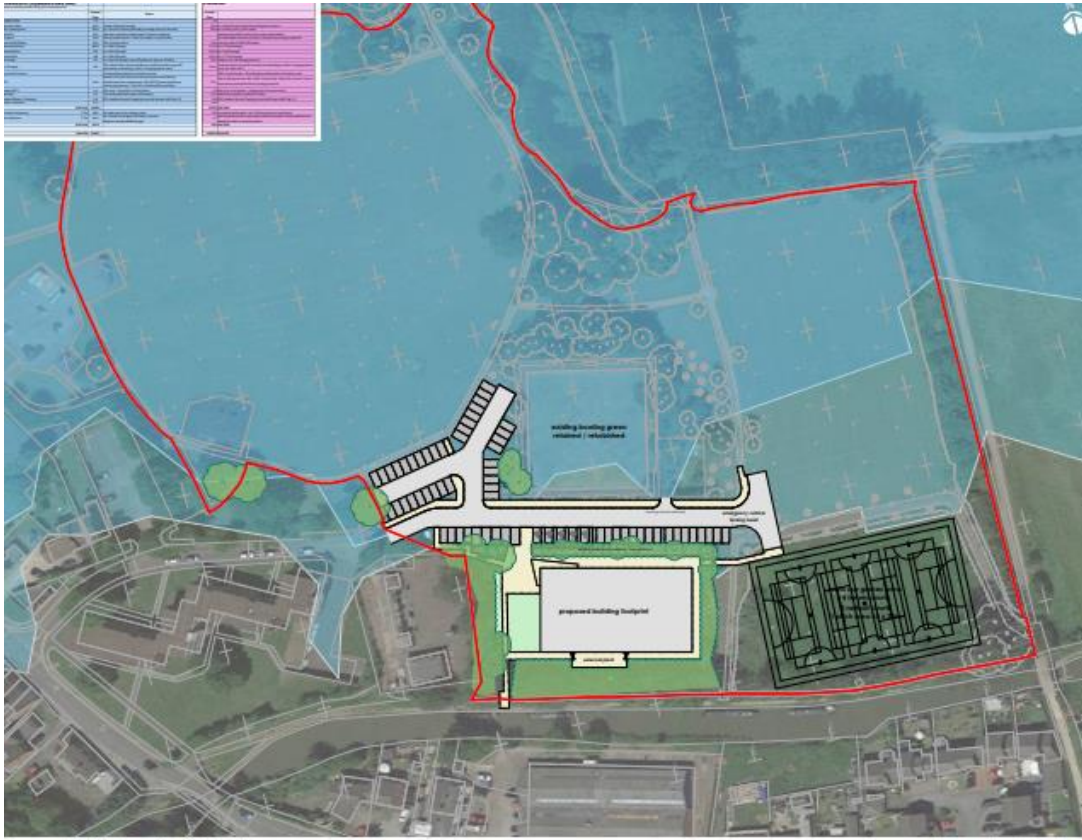
Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background No	Paper	Author	Nature of Background Paper	Date



Appendix OR2



Agenda Item No 7

Community & Environment Board

27 November 2024

**Report of the
Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

To consider, in accordance with Section 100A(4) of the Local Government Act 1972, whether it is in the public interest that the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

Agenda Item No 8

Leisure Project Update and Options – Report of the Interim Corporate Director – Streetscape.

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Incab Report - Report of the Interim Corporate Director – Streetscape.

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

In relation to the items listed above members should only exclude the public if the public interest in doing so outweighs the public interest in disclosing the information, giving their reasons as to why that is the case.

The Contact Officer for this report is Marina Wallace (719226)