

CABINET

7 JUNE 2022

SPLASHES SPORTS CENTRE

Portfolio Holder: Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services

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Summary

This report seeks Cabinet approval to recommend Full Council to approve an addition to the capital budget to fund the development of the new Splashes Sports Centre.

1. Budget and policy framework

1.1. The provision of Leisure Services is a matter for Cabinet. Additions to the Capital programme are decisions for full Council. In July 2021 Cabinet agreed to instruct officers to proceed with the appointment of architects and a project team to develop detailed proposals for a new family-friendly Splashes sports centre in Rainham, on the site of, and of similar scale, to the existing centre using the Splashes Replacement funding available within the Capital Programme. In that report officers stated a report would be brought to Council seeking an addition to the Capital programme. This report seeks Cabinet approval to take this forward.

1.2. Development of Splashes aligns with the objectives of the Medway Council plan – supporting Medway people to realise their potential – healthy and active communities.

1.3. Development of Splashes also aligns with Medway's stated ambition to be recognised as a child-friendly city.

2. Background

2.1. In July 2021 Cabinet agreed to instruct officers to develop detailed proposals for a new Splashes sports centre in Rainham to provide modern, family-friendly sports and physical activity facilities in the east of Medway,

complementing other Council sports facilities. Initial work carried out indicated that the re-development could be delivered within a budget envelope of £17.850million.

- 2.2. Following Cabinet's decision, the previous sports centre has been demolished and a professional design team was appointed through open tender to design a fun, family-friendly sports centre on the site of the previous centre. This was funded using the £5m funding for Splashes redevelopment within the existing capital budget.
- 2.3. The tender stated the new centre was to include multi-purpose swimming and leisure pools with modern water features catering for children of all ages, improved changing facilities, multi-purpose spaces that can be used for exercise classes and parties, a small fitness suite and a café with viewing over the pool. In addition, the centre should maximise energy saving opportunities to reduce operating costs.
- 2.4. The contract was won by Space & Place architects, one of the country's leading sports centre designers, and they began work in November 2021.
- 2.5. Their work has been overseen by the Splashes Member Board and associated officer working group and, in accordance with the specified timeframe, the full planning application for the new centre was submitted at the end of March. This is scheduled to go to planning committee at the end of June 2022.
- 2.6. Following submission of the planning application, the design team have been working with officers to ensure publication of the tender for the main works contractor, which is scheduled to be published at the beginning of June.
- 2.7. Working concurrently to ensure speedy and effective delivery of the programme, it is felt that now is the appropriate time to seek Cabinet approval for a request to be made to Full Council for funding of the project.

3. Options

- 3.1. Two options have been considered:
- 3.2. A) Not seeking approval for the funding until the tender process for the main building works has been completed. This would bring cost-certainty to the project at the time of the scheduled award of the tender. However, in what remains a volatile market, waiting for full Council approval of the capital budget would mean the tender could not be formally awarded until then with the consequent potential impact of costs then increasing. This approach would also delay the start date for the build.
- 3.3. B) Seek approval for funding without the tender process for the main building works having been completed. This does not offer cost certainty, however cost analysis on the project has been undertaken and continually reviewed by appointed quantity surveyors throughout the project's development and on

each occasion, it has remained within the project's budgetary parameters. Having the funding agreed at the time the tender is awarded ensures the project can proceed at pace within the projected timeframe. This is the recommended option.

4. Advice and analysis

- 4.1. As set out in the Cabinet paper of July 2021, the Council has a stated desire to create a family-friendly Splashes sports centre which complements other Council facilities and attracts visitors from across Medway and also from outside the area.
- 4.2. There is also a recognised need to ensure all parts of Medway are well served by sports and physical activity facilities; development of a new centre will ensure the most sustainable method for providing such facilities in the east of Medway.
- 4.3. Wherever possible the Council has a commitment to trying to ensure cost-certainty on major capital projects. While potentially this will be achieved through Option A, the Council would not be in a position to enter into a contract with the winning tenderer because approval of capital funding had not at that point been agreed. Fluctuations in the commodities market mean that having to wait for full Council approval of capital funding post-tender could lead to the winning tenderer wishing to review costs at the point funding is available and the contract is to be signed.
- 4.4. Further, it is recognised that residents in the east of Medway have not had access to a sports centre in their neighbourhood since Covid forced the initial closure of the previous Splashes sports centre in May 2020. Option A would mean a later start on site and subsequent later opening date for the new centre.
- 4.5. Option B does not offer cost-certainty at the time full Council is asked to approve capital funding. However, there has been robust analysis of the projected costs by a qualified quantity surveyor throughout the development of the project and these have consistently shown the project comes within budgetary parameters. Option B ensures – subject to full Council approval – the required capital funding is in place at the time of the award of the contract. This enables work to progress at the earliest opportunity, with the subsequent benefit of the finished centre being available as soon as practicable.
- 4.6. A Diversity Impact Assessment is not required for this report. However, a DIA will be completed when finalising the planned programme of activity for the new Splashes, if funding is approved.

5. Risk management

- 5.1. Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of the services it provides to the community.

Using the following table this section should therefore consider any significant risks arising from your report.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Planning permission	Planning permission is not granted for the new sports centre	The proposals were presented to the Splashes project board and planning committee members prior to submission for comment. Pre-application meetings were held with Council officers and relevant documentation updated where necessary.	C2
Development costs	Tenders for the building works are over budget	The project has been analysed and reviewed throughout the professional design team process to ensure it remains within agreed budgetary parameters. Splashes project board has reviewed the budgetary projections.	C3
Tender applications	Insufficient quality of applications received	Market testing was undertaken prior to the tender going live to assess interest.	D3
Capital funding	Full Council does not approve the addition to the Capital budget	Cabinet has previously approved the principle of building a new Splashes Sports Centre. Previous funding of £5m for the project has previously been added to the capital budget.	D1
Project delivery	The project is not delivered within the anticipated timeframe	The project remains on the timeframe established, which is reviewed by the Splashes project board. Accepting unforeseen incidents may occur in a large capital project there is no reason to suggest at this stage there will be a delay in the project, subject to the decisions of Cabinet and full Council.	E3

6. Consultation

- 6.1. As proposed in the Cabinet report of July 2021, public exhibitions were held in Rainham Library and Twydall Community Hub during May 2022, and visitors were encouraged to comment on the planning application. In addition, a

media release was sent out including the link to the planning application for those wishing to comment.

7. Climate change implications

- 7.1. The appointed professional design team have extensive experience of delivering energy-efficient sports centres and have fully understood and engaged with the Council's desire to reduce energy consumption as part of Medway's climate change agenda.
- 7.2. In order to achieve this, the proposed centre delivers a range of improvements and initiatives which will mean the new centre uses half the energy of the previous Splashes sports centre.
- 7.3. Measures include rooftop photovoltaics, air source heat pumps, recycling heat to pre-heat the swimming pools, maximising solar gain to warm spaces, highly insulated walls and roof complemented with triple glazed windows, and water recycling and recovery systems.

8. Financial implications

- 8.1. Full Council had previously approved an allocation of £5million, funded from borrowing into the capital budget for the development of Splashes. Part of this funding has been used to pay for works to date.
- 8.2. Cabinet is now asked to recommend to full Council that a further £12.850million be added to the capital programme to fund the new sports centre, also funded from borrowing taking the total scheme cost to £17.850million. The revenue cost of servicing the borrowing is estimated at £918,953 per annum, taking the cost over 30 years to £27,568,602 including £9,718,602 interest. This revenue cost be incorporated into the Council's revenue budget for the 2023/24 financial year when significant expenditure is expected to begin.
- 8.3. Prior to the closure of the original facility, Splashes operated with a revenue budget subsidy of £306,184 however this was removed from the Council's budget from 2021/22. Work is ongoing to develop a revenue budget for the facility however it is anticipated that due to the complexity of the facilities planned this will be a higher subsidy than the original budget excluding the borrowing costs set out in paragraph 8.2 above. The operating subsidy budget will be incorporated into the process to develop the Council's budget for the 2024/25 financial year when the centre is scheduled to open.

9. Legal implications

- 9.1. All additions to the Capital Programme are matters for full Council and this report asks Cabinet to make the recommendation to Full Council to add £12.850million to the Capital Programme to fund the replacement of the Splashes Sports Centre.

9.2. The proposal is to carry out a procurement in line with the Councils contract procedure rules provided that full Council agrees to make the funding available. The Council has the power to provide leisure centres such as Splashes under the provisions of Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 which provides for the authority to have the power to provide such services but does not create a duty to do so.

10. Recommendation

10.1. The Cabinet is asked to recommend full Council to approve an addition of £12.850million to the Splashes Redevelopment Scheme in the Capital Programme to enable development of the new Splashes Sports Centre.

11. Suggested reasons for decision

11.1. An addition to the capital budget of £12.850million will allow the development of Splashes Sports Centre to proceed in accordance with Cabinet approval from July 2021 and subsequent consideration by the Splashes project board.

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Appendices

None

Background papers

None