

Report to Council

**Agenda
Item:**

20(i)

Meeting Date: 6th March 2018
Portfolio: Finance, Governance & Resources & Culture, Heritage and Leisure
Key Decision: Yes: Recorded in the Notice Ref:KD
Within Policy and Budget Framework YES
Public / Private Public

Title: SANDS CENTRE REDEVELOPMENT
Report of: The Deputy Chief Executive
Report Number: CS 16 /18

Purpose / Summary:

This report provides Carlisle City Council with an overview on the proposed development options and approach for the Sands Centre redevelopment (as outlined in the Council's Sports Facilities Strategy).

It includes anticipated capital costs, together with funding options, a developed programme and risk register.

This report also sets out the initial considerations with regards to alternative procurement options for the Principal Contractor.

This report has already been considered by Executive on the 18th December 2017 where it was referred to a special joint meeting of the Business and Transformation and Health and Wellbeing Scrutiny Panels.

The joint scrutiny panel considered the report on the 29th January 2018 and made a series of recommendations which were addressed by Executive when they reconsidered the report on the 12th February 2018. Executive also agreed the recommendations this report makes to full Council.

The minutes of the joint scrutiny panel and of Executive accompany this report to Council.

This report is to be read in conjunction with the following appendices:

- Appendix I – Summary RIBA Stage 2 Report (Concept Design) prepared by GT3 Architects. This report sets out the initial concept design along with a narrative to provide the context of how the proposed design solution was established.
- Appendix II – Programme
- Appendix III – Risk Register
- Appendix IV – Cost Estimate
- Appendix V – Flow diagram of the OJEU Process

Recommendations:

Full Council are asked to:

1. Consider the report and its appendices;
2. Approve the development of the scheme subject to further reports being made to Executive and the Business and Transformation and Health and Wellbeing Scrutiny Panels at the end of the RIBA Stage 4 and ahead of the appointment of a principal contractor.
3. Approve the use of an OJEU compliant framework to tender for a principal contractor, with the selection of the framework itself delegated to the Deputy Chief Executive following consultation with the Portfolio Holder for Finance, Governance and Resources and the Portfolio Holder for Culture, Heritage and Leisure.
4. Approve the re-profiling of the capital budget of £19.467m to reflect the fact that achieving RIBA Stage 4 will require a budgetary amount in 2018/19 and to also more accurately reflect the anticipated expenditure profile of the full project as outlined at paragraph 2.8.10

Tracking

Executive:	12th February 2018
Special Joint Scrutiny Panel:	29th January 2018
Council:	6th March 2018

1. BACKGROUND

- 1.1 The replacement of Carlisle City Council's James Street Pools and the development of the Sands Centre site to improve wet and dry side sporting provision has been a long term aspiration for Carlisle City Council (the Council).
- 1.2 In 2009/10 planning was sought and approved for an estimated £15m redevelopment scheme. The scheme was not progressed as external funding through the North West Regional Development Agency and a capital contribution from the University of Cumbria were withdrawn.
- 1.3 In 2013 the development of the Council's Sports Facilities Strategy confirmed the necessity to replace the James Street Pools as a priority and identified the Sands Centre as the best location for strategic, operational and financial reasons. The strategy also identified a requirement to improve the fitness offering and provide a dedicated sports hall space at the Sands Centre.
- 1.4 The current Medium Term Financial Plan includes a £5m capital allowance in 2018/19 to develop such a scheme. However, this sum pre-dates the approval of the Council's Sports Facilities Strategy and was based on the likely costs of only replacing the pools at that time.
- 1.5 Since December 2015 the Council has had a regular dialogue with Sport England who have expressed their support for this development and have assisted the Council by engaging Abacus Cost Management (Abacus), a framework consultant to Sport England. Abacus have provided support to the Council considering different options across multiple sites.
- 1.6 In February 2017, Abacus with reference to a Business plan prepared by FMG Consulting Ltd produced a highlevel feasibility exercise to consider two main development options. This work was funded by Sport England.

Development Option 1 – Swimming Provision Only

Abacus proposal consisted of:

- 25m x 17m (8 lane) pool with secondary 17m x 8m pool
- Wet side changing
- Associated ancillary accommodation

Development Option 2 – Sands Centre Redevelopment – Wet & Dry Side Provision

Abacus proposal consisted of:

- 25m x 17m (8 lane) pool with secondary 17m x 8m pool
- Wet side changing
- 4 court sports hall, health and fitness provision
- Café
- Ancillary support accommodation
- Total Gross Internal Floor Area (GIFA): 4,620m²

Option 1: would relocate swimming provision only to the Sands Centre at an estimated cost of £7.4M.

Option 2: would deliver the full extent of the Council's Sports Facilities Strategy on the Sands Centre site. Abacus estimated Option 2 at £14.2m (excluding VAT) for a scheme delivering all elements of the Council's Sports Facilities Strategy. Sport England had previously advised that this option provided a greater opportunity of securing their investment as the facility would better meet demand requirements.

1.7 The Abacus report concluded the following:

1.7.1 That Sport England has identified that Carlisle be treated as a special case given the severe flooding and damage incurred in recent years.

1.7.2 A funding bid for Option 1 providing a reduced facility mix is not strategically supported nor would have a significant impact on participation / delivering against local outcomes, would ordinarily not make a strong case in the context of the new strategic fund prospectus and criteria. This would therefore be less of a priority for potential Sport England investment.

1.7.3 Option 2 provides a greater opportunity of securing a Sport England investment with a facility that better meets demand requirements. The Strategic Facilities Fund has a grant range of £500k - £2m. Enhancing the facility mix to best meet the new strategic fund prospectus will improve the opportunity of attaining an investment.

- 1.8 Following extensive review of the Council's Sports Facilities Strategy in conjunction with the notion that Sport England are unlikely to support Option 1; Carlisle City Council's Executive took the decision (8th May 2017) to discount Option 1 and to proceed with Option 2 for the progression of an RIBA Stage 2 – Concept Design for the Sands Centre Redevelopment including both the wet and dry provisions.
- 1.9 In March 2017, the Council also commissioned a 5 year Condition Survey of both the building fabric elements and the mechanical & electrical elements at the Sands Centre. This report identified a summary of works totalling £846,306.72 (excluding VAT) required over the next 5 years.
- 1.10 Over the last year, the Council has also been in dialogue with Cumberland NHS Trust regarding potential inclusion of physiotherapy suite provision and potentially other outpatient services. A pilot exercise placing physiotherapy services at the Sands Centre has now begun and all partners are monitoring the new development.

2. PROPOSALS

- 2.1 The Sands Centre is a high profile project, which is generating interest locally and sub-regionally. The facility must achieve the aspirations outlined in the Council's Sports Facilities Strategy from a strategic, operational and financial perspective with the aim to improve the fitness offer to the local and sub-regional community.
- 2.2 In September 2017, the Council appointed a Multi-Disciplinary Design Team (MDDT) and Employer's Agent Team (EA) to progress Option 2 for the redevelopment of the Sands Centre up to and inclusive of RIBA Stage 2 – Concept Design; with the intention of presenting the proposals to Full Council in 2018.
- 2.3 Procurement of Design Team and Employer's Agent**
- 2.3.1 The Council appointed Cameron Consulting to competitively tender and procure the services of a Multi-disciplinary Design Team (MDDT) and Employer's Agent Team (EA) in competition through the Official Journal of the European Union (OJEU) to develop the Option 2 design for the Sands Centre up to RIBA Stage 2 – Concept Design.

2.3.2 The successful Multi-disciplinary Design Team (MDDT) has been appointed by the Council to develop the Option 2 design to RIBA Stage 2 – Concept Design for a fee capped at £47,500.00

2.3.3 The MDDT is led by GT3 Architects and consists of the following consultants:

Multi-disciplinary Design Team (MDDT)	
Architect (Lead Consultant)	GT3 Architects
Principal Designer	CJ Consilium
Civil Engineering	Buro Happold
Structural Engineering	Buro Happold
Mechanical Engineering	Buro Happold
Electrical Engineering	Buro Happold
Flood Risk Consultant	Buro Happold, subject to further appointment and fees
Landscape Architecture	Oobe
Swimming Pool Design	Sheerwater
Acoustic Consultant	Pace Consult

2.3.4 The successful Employer's Agent Team (EA) has been appointed by the Council to monitor the MDDT design development process for Option 2, but also prepare an updated cost estimate, programme and a risk register to accompany the RIBA Stage 2 – Concept Design for a fee capped at £7,500.00.

2.3.5 The EA is Pick Everard who will undertake the following roles:

Employer's Agent Team	
Employer's Agent	Pick Everard
Cost Consultant	Pick Everard
H&S Advisor	Pick Everard
Clerk of Works	Pick Everard

2.4 RIBA Stage 2 – Concept Design (Option 2) on the Sands Centre

2.4.1 With reference to the proposals set out by Abacus for Option 2, a RIBA Stage 2 – Concept Design has been prepared by the MDDT that is included in Appendix I – Stage II Report.

2.4.2 The concept design includes the following proposed Leisure Centre and ancillary accommodation facilities mix:

- Main Pool Hall (25m x 17m, 8 lane) & Learner Pool with a moveable floor (20m x 8m) with Pool Store, Timing Room and a Spectator Seating Gallery
- 4 Court Sports Hall with a Spectator Gallery
- 120 station Fitness Suite with an office
- Two Dance Studios
- Spinning Studio
- Wet and Dry Change facilities
- Changing Places Facility
- First Aid
- General Meeting Room / Office (10 persons)
- Reception Desk with offices
- Vending facilities
- Staff facilities (including Kitchen & Social)

2.4.3 The final leisure centre accommodation and facilities mix is yet to be fixed, but it is proposed through consultation with the Council's operator, Greenwich Leisure Limited that the existing Events Centre will be retained and upgraded. This is because the existing 7-court dual use hall at the Sands Centre is primarily programmed for entertainment events and is often unavailable for regular week-to-week sports use.

2.4.4 The concept design includes the following retained Events Centre with upgraded ancillary accommodation facilities mix:

- Retained Events Hall with ancillary accommodation
- Ground floor Bar/Servery
- First floor Bar/Servery
- Beer Cellar
- Café seating and social areas at Ground Floor using the proposed Street
- Café seating and social areas at First Floor using the proposed Street

2.4.5 The concept design also includes provisional space identified for the NHS Physiotherapy Suite. However, the Council will need the Cumbria Partnership NHS Foundation Trust to decide whether it is going to proceed and commit the required funding and resources, aligned to the Full Council's decision on 6th March 2018 for the Sands Centre Redevelopment:

- The concept design 265m² Physiotherapy Suite

2.4.6 The full area Schedule of Accommodation is contained within Appendix I – Stage II Report.

2.5 Cost Estimate

2.5.1 With reference to the cost estimate prepared by Abacus for Option 2 at £14.2m (excluding VAT) in February 2017, Pick Everard have re-appraised the costs associated with the proposed concept design for the Sands Centre to deliver all elements of the Council's Sports Facilities Strategy as outlined above. Please refer to Appendix IV – Cost Estimate.

2.5.2 The Cost Estimate prepared by Pick Everard for the current RIBA Stage 2 – Concept Design is now estimated at £19,466,765 (excluding VAT).

2.5.3 The capital cost increase in the identified Cost Estimate is primarily as a result of the following:

- Increase from Option 2 Wet and Dry Side Provision from 4,984m² to 5900 m². This is mainly due to provision of the Street (750m²) and the NHS Provision (265m²);
- Consequential Improvements as the basis for determining the 10% spend on the existing building to comply with Building Regulations due to the proposed connection of the new leisure centre to the retained events centre via the Street;
- Increase in size of the learner pool from 17m x 8m to 20m x 8m to increase the programme of activities available in the pool;
- Inclusion of retractable seating to the Retained Events Centre;
- External Works cost now includes minimum allowance for car parking and landscaping based on GT3 Option 1 "Do Minimum" scheme;
- Allowance for incoming stats connections/ diversions.

2.6 Programme

2.6.1 Pick Everard have developed a RIBA Stage 2 Programme based on progressing to the RIBA Stage 3 – Developed Design following the decision of the Full Council on 6th March 2018. The full Pick Everard programme is contained in Appendix II – Programme.

2.6.2 A summary of the programme contained in Appendix II is as follows:

Pick Everard – RIBA Stage 2 Programme (Dated: 27 November 2017)				
Activity	Activity Description	Duration	Start	Finish
33	RIBA Stage 0-2 -Scheme Design & Approvals	21.2 wks.	20/09/17	06/03/18
41	Special Joint Scrutiny Panel	1 day	29/01/18	29/01/18
43	Full Council Meeting	1 day	06/03/18	06/03/18
44	Approvals to Stage 2 Design & Cost Plan	1 day	06/03/18	06/03/18
45	RIBA Stage 3 (1st Stage Tender for Preferred Contractor)	20.4 wks.	07/03/18	26/07/18
62	RIBA Stage 3 (Developed Design, (inc. Planning Application)	20.2	07/03/18	25/07/18
75	RIBA Stage 4 (Technical Design)	27 wks.	27/07/18	21/02/19
81	Tender Submitted by Preferred Contractor	0 wks.	13/12/18	13/12/18
82	Tender Evaluation and preparation of Gateway 4 Report	4 wks.	14/12/18	31/01/19
84	Approval to Proceed to Stage 5 & Contract Award	1 wk.	01/02/19	07/02/19
87	RIBA Stage 5 (Construction)	70 wks.	08/02/19	02/07/20
91	Practical Completion & Handover	1 day	02/07/20	02/07/20
94	RIBA Stage 6 (Handover & Close Out)	4 wks.	02/07/20	30/07/20
96	Operator Fit Out and Familiarisation Period	4 wks.	03/07/20	30/07/20
97	Stage 7 (Occupation & In use)	52 wks.	03/07/20	01/07/21
98	Defects Period	52 wks.	03/07/20	01/07/21

2.6.3 Subject to the decision of the Full Council on 6th March 2018, Pick Everard will continue to develop and monitor compliance with the programme.

2.7 Risk Register

2.7.1 The full project risk register is located in Appendix III – Risk Register and highlights the main project risks considered by the Project Team.

2.7.2 The highest risks to the project established at RIBA Stage 2 – Concept Design are as follows:

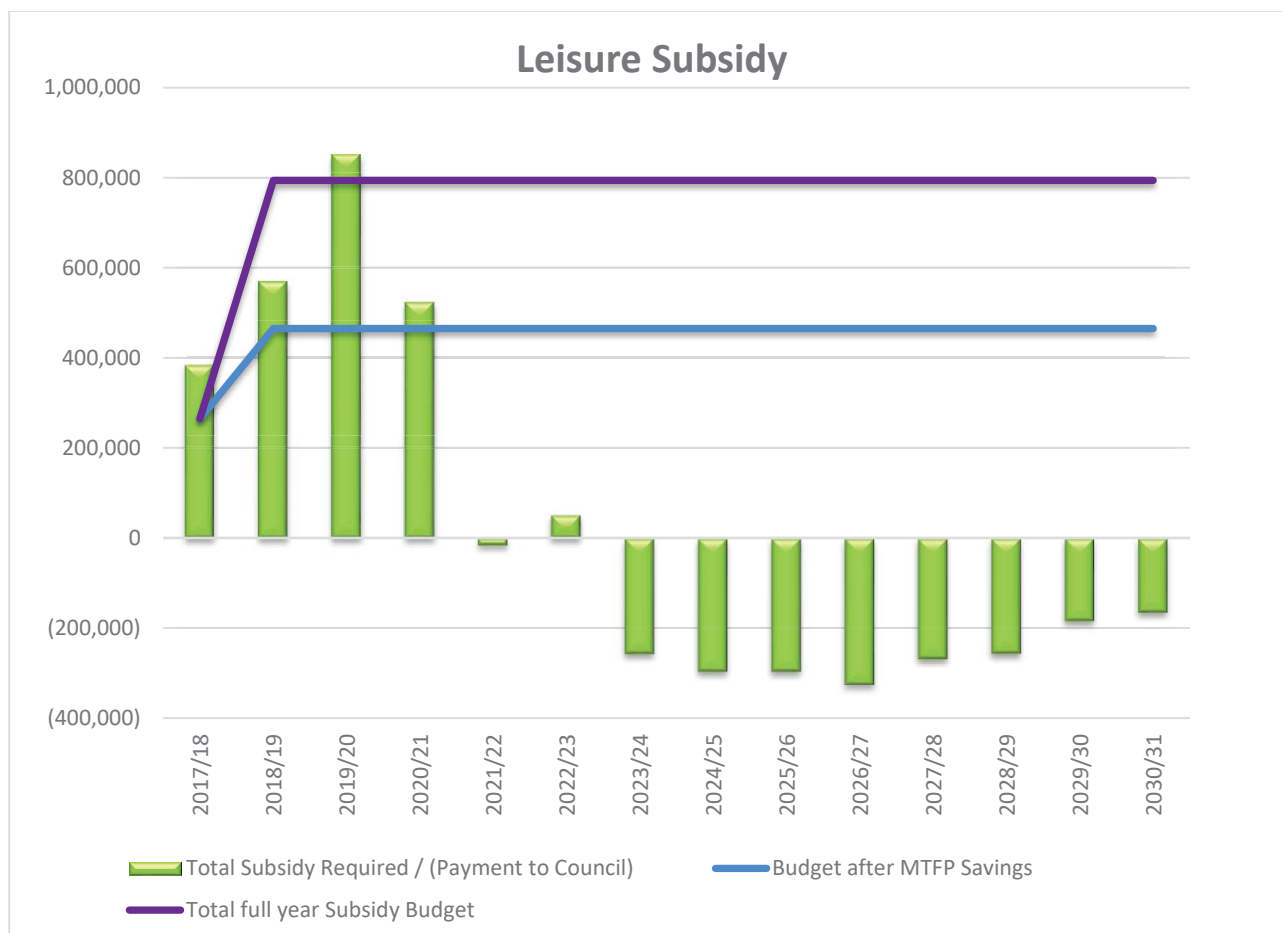
Activity ID	Risk Description	Risk Rating	Mitigation Action / Comment
Cost: C2	Consequential Improvements (Part L of the Building Regulations)	25	Consult with Building Control
Flood Zone: FZ1	Construction of new extension on Flood Zone Level 3	25	<p>Consult with the Environment Agency at the earliest opportunity.</p> <p>Ensure that the flood risk specialist undertakes an assessment of the flood risk designation with consideration to existing / potential Environment Agency improvement / flood defence works.</p> <p>Design and incorporate flood risk prevention measures into the new extension.</p>
Programme: P1	Programme slippage	23	<p>At the commencement of a project, it is critical to establish an outline programme that is realistic and achievable but challenging.</p> <p>Pick Everard to track and monitor progress against the programme.</p>
Cost: C1	Project not affordable	23	Establish if initial budget is correct. Develop robust cost control aligned to design development and Gateway approval process.
Design: D9	The current parking operates on a pay and display basis. This leaves 48 dedicated leisure spaces outside of this. The extension will potentially impact on these parking numbers	23	As part of the traffic management study, an appraisal should be made on the income from the parking and impact of the new building on existing spaces.

			Consider a barrier control system and the car parking charge strategy for events / leisure centre customers.
Utilities: U1	Extensive utility services encountered below the new extension	23	Undertake slot trenches to verify the position of underground services and undertake thorough site investigation works.

- 2.7.3 Subject to the decision of the Full Council on 6th March 2018, a Project Team Risk Workshop will be undertaken with key stakeholders prior to the commencement of RIBA Stage 3 – Developed Design when the current risks will be critically evaluated with action owners agreed to manage, mitigate, and/or reduce or manage accepted risks.

2.8 Funding

- 2.8.1 The Medium Term Financial Plan has recognised for many years that there could be a requirement to fund significant capital expenditure (£5m) on new leisure facilities and that any development would be potentially being funded (via borrowing) through savings in the operator contract. The budget reports considered by Executive in November and elsewhere in this agenda have recognised that the scheme may increase in value to the figures presented in the Abacus study at £14.2million.
- 2.8.2 The MTFP also includes for further savings to be made from the current subsidy budget for the Leisure Contract of £329,000. This saving is to be achieved from 1 April 2018. The current overall subsidy payable to the leisure operator is £794,100 (inclusive of Classical Series funding).
- 2.8.3 Therefore, a budget of £465,100 is available to fund any subsidy for the new leisure contract (starting December 2017) and any borrowing costs. The new Leisure contract will eventually save the Council over £1million per year against the original subsidy budget



- 2.8.4 A significant capital scheme of this nature would normally be funded from capital receipts (sale of other assets), revenue reserves, third party funding or borrowing (either external or by using the council's own cash balances). The current capital strategy fully commits all current available capital receipts to fund the current capital programme, therefore, unless further asset sales can be generated, capital receipts are not an option.
- 2.8.5 A further refresh of the Asset Disposal Programme may be an option to be considered to identify whether there are any further potential low yielding assets that could be disposed of to generate capital receipts to fund this scheme. Any disposals would likely take time to be brought to market so there may still be a requirement to borrow in the short-term pending any final sales.
- 2.8.6 Revenue contributions may also be possible but will not be able to fully fund or even significantly fund a scheme of this value and may lead to added pressures on the revenue budget.
- 2.8.7 Sport England have ring-fenced funding within their Strategic Facilities Fund for Carlisle (following Storm Desmond). The Council's informal and 'without

prejudice' conversations with their team suggest they would be expecting and receptive to a bid of up to £2m from the Council based on an 'Option 2' scheme.

2.8.8 The Council could also look at the earmarked reserves it holds and utilise some of these for this scheme. There is a specific reserve allocated for Leisure (GLL Reserve) that was established for funding costs with the end of the current leisure contract that is not likely to be required and which could be made available for providing funding the capital scheme.

2.8.9 Taking these options for funding into account the scheme is likely to require borrowing of potentially **£17.467million** unless alternative sources of funding e.g. capital receipts or use of reserves are identified.

	£000
Potential Capital Cost	19,467
Potential Sport England Funding	2,000
Earmarked Reserves	tbc
Potential Balance to be funded	17,467

It should be noted that for the purposes of this report, the figures include the provision of the NHS suite at £625,000. If the decision is made that the NHS proceed with the occupation it will be the intention to fully recover this cost from the NHS either through a capital contribution, annual rental to the Council or combination of both. This would therefore improve the financial position of the Council highlighted later in this report.

It should also be noted that as well as the cost of the capital investment, there will be a requirement to provide for temporary accommodation for GLL to continue to operate from and for final fixtures and fitting to be provided once the development is complete. These together are anticipated to cost in the region of **£655,000**.

2.8.10 Budget Profiling

The Council has made budgetary provision in its capital programme of £19.467million in 2019/20. However, to progress any approved scheme, it will be necessary to re-profile this amount across 2018/19 to 2021/22 capital programmes (i.e. the anticipated project timeframe). The proposed re-profiling

based on current timescales and anticipated key project milestones are as follows:

	£
2017/18	55,000
2018/19	1,714,085*
2019/20	15,394,827
2020/21	2,293,852
2021/22	9,000
Total	19,466,765

*The amount included in 2018/19 assumes that the project will progress beyond RIBA stage 4. However, the Council will have the opportunity at this stage to determine whether to proceed with the project following detailed tender submissions and costings for the final project. Therefore, £990,920 of the amount included above for 2018/19 will get the Council to this position, with the remainder only being incurred if the project proceeds to RIBA Stage 5 and beyond (i.e. Full construction phase).

2.8.11 Balance Sheet Analysis

The Council's balance sheet as at 31 March 2017 included total long-term assets (excluding treasury management investments) of approximately £158million. Alongside this the current long-term debt liability on the balance sheet is £15million (stock issue). This represents 9.4% of the asset base.

Any expenditure on assets would generally add value to the asset base and whilst the debt liability may also increase if external borrowing was undertaken, the Council would still be in a healthy position with regard debt to asset ratio.

2.9 Options for Borrowing

2.9.1 Under the provisions outlined in the Prudential Code, the Council can borrow for capital purposes so long as any borrowing is affordable, prudent and sustainable in the revenue budget. The current Treasury Management Strategy Statement (TMSS) includes an allowance for borrowing to be £37.5million as the Authorised Limit for external debt and £32.5million as the Operational Boundary. These two limits can be amended by the Council and included in any revisions to the TMSS.

2.9.2 External Borrowing

Any external borrowing the Council undertakes would most likely be sourced from the Public Works Loan Board (PWLB). There are two different types of loan available to local authorities, interest only (maturity) and principal and interest, which can be either Equal Instalments of Principal (EIP) or Annuity.

Maturity

A maturity loan is an interest only loan with the principal amount borrowed not repayable until the end of the loan term. The amount of interest paid each year remains static until the end of the agreement. Cash to repay the loan at the end of the term is raised through the Minimum Revenue Provision. These loans carry a higher overall cost as the debt balance does not decrease until the debt is paid off.

Equal Instalments of Principal (EIP)

An EIP loan makes both principal and interest payments, however, the amount borrowed is divided by the term to give the amount of principal repaid each year, which then does not vary. Interest is then calculated on the decreasing outstanding balance of the loan, so reduces each year. EIP loans therefore get cheaper each year the loan is held.

Annuity

An Annuity loan is like a mortgage, with both principal and interest payments being made each year, however, in earlier years the interest makes up more of the repayment, with more principal being repaid in later years. Loan repayments are set at the outset of the loan and do not vary throughout the term.

2.9.3 As an EIP loan therefore repays principal each period and the interest is calculated on the outstanding loan balance, they therefore have a lower average repayment profile.

2.9.4 The key advantages of borrowing from the PWLB are:

- Relative cost (interest and fees) compared to other sources of external borrowing
- Ability to fix the rate of interest over the period of the loan and to borrow over a range of maturity periods between 1 and 50 years using a number of different repayment methods
- Flexibility to draw down funds at short notice

- 2.9.5 The examples below show the overall cost of a **£17.467million** loan repaid over **25 years** at **3.25%** for each loan type.

	Maturity	EIP
	£000	£000
Loan Amount	17,467	17,467
Interest	14,192	7,380
Total	31,659	24,847

2.9.6 Internal Borrowing

As well as borrowing externally from the PWLB, the Council may be able to make use of its internal resources and cash balances. This is known as internal borrowing. This utilises cash and investment balances to meet expenditure. This option would allow the Council to minimise borrowing costs and reduce overall treasury risk by reducing the level of its external investment balances. The cost of internal borrowing would be measured by the loss of investment income returns. With investment returns averaging less than 0.50% currently, this would be the cheapest form of borrowing for the scheme. Any cash balances used in this way would be repaid through Minimum Revenue Provision over time.

2.9.7 Minimum Revenue Provision

Any significant capital scheme will affect the Council's Capital Financing Requirement (CFR). The current projections for the CFR based on this scheme costing £19.467million are as follows:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000
Opening CFR at 1 April	15,706	13,424	30,582	29,843	30,037
Movement in CFR in year	(2,282)	17,158	(739)	194	(231)
Closing CFR at 31 March	13,424	30,582	29,843	30,037	29,806

The CFR reflects the Council's 'Underlying Need to Borrow' and as this scheme gives rise to a borrowing requirement, the CFR will increase accordingly. The CFR can be reduced by setting aside resources to repay debt, through capital receipts, revenue contributions or grants and also by charging Minimum Revenue Provision (MRP). MRP is the minimum amount that must be set aside from the General Fund to meet the capital costs of expenditure funded by borrowing or credit arrangements. – that is capital expenditure not financed from grants, revenue contributions or capital receipts.

The type of borrowing undertaken does not affect the requirement to make an MRP charge. The Council's current MRP policy is to charge 3% on a straight-line basis on the annual increase in the CFR. Using this method would effectively provide for debt repayment over 33.33 years.

It should be noted however, that actual principal repayments will be determined by the terms of any actual loans taken out. These actual principal repayments do not affect the revenue budget as they are cash transactions and would reduce the amount of cash balances held. MRP charges to the revenue account provide a cash resource to effectively repay principal. There could therefore be a difference in the amount of principal repaid each year from cash balances and the amount of MRP charged. This would occur where any loans were taken out for a period less than 33.33 years. These loans may be repaid and cleared as a liability on the balance sheet before the debt charged to the General Fund has reduced the CFR.

Borrowing terms for external debt will need to consider the length of the Leisure provider contract. This contract is for a maximum of 15 years, when at such time it will be required to be re-tendered. Although any re-tender exercise would aim to achieve the same financial benefits to the Council, there may be a risk that any new contract offers a worse position, i.e. lower concession payments to the Council or requirement for a subsidy to the operator). This could then lead to budgetary pressures should any outstanding debt still require to be serviced beyond the timeframe of the current contract.

- 2.9.8 Minimum Revenue Provision is not chargeable until the asset becomes operational. Debt payments would still be made to the PWLB when they are due from the date the loan is taken out, however, they may not fall as a charge on the General Fund (or Council Tax) until the asset is operational.
- 2.9.9 The term of any loan taken out would also need careful consideration as a longer-term loan would be cheaper annually, however would cost more overall. As previously highlighted, consideration needs to be given to the length of the contract with the leisure operator and the contractual arrangements for concession payments and subsidies. It will also be necessary to consider the likely lifecycle of the renewed asset as it will have a life more than the contract term, potentially 40-year life. The Council would not want to be in a position where it has debt to service beyond the life of the current contract without having some certainty that the savings being accrued from the current contract would continue into any future agreement.

2.9.10 External Borrowing examples

The table below shows the example annual payments (Principal and Interest) for borrowing **£17.467million** on an EIP loan over 25 years (on assumption that borrowing would be recognised from 2020/21) would be as below. ***The examples of borrowing costs given below are for example only and it should be noted that borrowing this level of funding externally would represent the most expensive option for this scheme and this could be mitigated through identifying other funding opportunities such as capital receipts, use of reserves or internal borrowing.***

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Principal	699	699	699	699	699	699	699	699	699	699
Interest	568	545	522	500	477	454	431	409	386	363
Total	1,267	1,244	1,221	1,199	1,176	1,153	1,130	1,108	1,085	1,062
MRP (3%)	524	524	524	524	524	524	524	524	524	524
Total Charge to General Fund (Interest + MRP)	1,092	1,069	1,046	1,024	1,001	978	955	933	910	887

If the MRP policy was changed to match asset life then the overall cost to the General Fund would reduce, conversely, if any loan term was limited to the term of the leisure contract, the borrowing costs would increase. The table below indicates the potential differences in borrowing costs for a 15-year, 25-year and 40-year loan term:

	15 Year	25 Year	40 Year
	£000	£000	£000
Equal Instalment of Principal	1,164	699	437
1st year interest payment	568	568	568
Total Debt Repayment	1,732	1,267	1,005
MRP @ 3%	524	524	524
Difference in MRP and Principal Repayment	640	175	(87)

The table shows that in order to ensure principal is fully repaid and that the CFR brought back down to current levels (assuming no further un-resourced capital expenditure), the 3% MRP charge would need to be topped up with a voluntary MRP charge when borrowing of 15 or 25 years.

Therefore, in order to make the scheme affordable to the revenue budget, MRP at either 3% or charged over the asset life should be considered. This does not stop actual debt repayment occurring within a quicker timescale.

2.9.11 The available budget from the New Leisure Contract subsidy would be as follows:

	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	28/29 £000	29/30 £000
		build period											
Total Subsidy	384	571	850	525	(16)	52	(257)	(296)	(296)	(325)	(268)	(256)	(184)
Budget after Savings	265	465	465	465	465	465	465	465	465	465	465	465	465
Pressure / Saving	119	106	385	60	(481)	(413)	(722)	(761)	(761)	(790)	(733)	(721)	(649)
Borrowing Cost to General Fund with MRP @ 3%	0	0	0	1,092	1,069	1,046	1,024	1,001	978	955	933	910	887
Overall Pressure / Saving	119	106	385	1,152	588	633	302	240	217	165	200	189	238

By the end of the 15-year Leisure contract the overall pressure on the revenue account will be £4.8million; however if the annual savings accruing from the contract of £702,000 continue into a new contract beyond the 15 years of the current one, then savings accruing equalise against the debt costs in year 19 that year and if the contract was to continue accruing savings the same level of savings (£702,000) beyond this contract period, then over an assumed 25-year borrowing period the overall pressure reduces to £4.7million. This does not however, take into account the voluntary MRP that would require to be charged in order to fully provide for the debt repayment of the debt term.

This overall pressure on the revenue account could be eliminated by reducing the use of external borrowing by £4.8million. The funding difference could then be bridged through either generating capital receipts from asset sales, or utilising internal cash balances though internal borrowing, where the loss of investment interest could be a more cost effective option (as outlined at 2.9.6) whilst investment returns remain lower than borrowing rates.

2.10 Retention of Existing Facilities

2.10.1 If the Council were to decide to do nothing and not develop the Sands as outlined in this report, there would continue to be a subsidy payable to the leisure contractors (the tenders were priced based on a new facility being provided). There would also be consequential costs that would have to be met

from borrowing to undertake capital works to bring the existing pools site at James Street up to standard and also take into account the maintenance required at the Sands Centre. These capital works are estimated to be £4.25million. The table below outlines the impact this would have on the budgetary position.

	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	28/29 £000	29/30 £000
Total Subsidy	384	571	571	571	571	571	571	571	571	571	571	571	571
Budget after Savings	265	465	465	465	465	465	465	465	465	465	465	465	465
Pressure / Saving	119	106	106	106	106	106	106	106	106	106	106	106	106
Borrowing Cost to General Fund	0	0	225	221	217	213	209	206	202	198	194	190	186
Overall Pressure / Saving	119	106	331	327	323	319	315	312	308	304	300	296	292

By the end of the proposed 15-year Leisure contract the overall pressure on the revenue account will be £4.1million; then over an assumed 25-year borrowing period the overall pressure increases to £7.2million.

A comparison of the overall pressures of the Sands Development Scheme and the Retention of Existing Facilities Option is shown below and shows that the cost of undertaking the scheme over the life of the leisure contract would be £600,000 greater than the refurbishment approach:

	Overall Pressure / Savings	
	Sands Development £000	Retention of Existing Facilities £000
2018/19	106	106
2019/20	385	331
2020/21	1,152	327
2021/22	588	323
2022/23	633	319
2023/24	302	315
2024/25	240	312
2025/26	217	308
2026/27	165	304
2027/28	200	300
2028/29	189	296
2029/30	239	292
2030/31	235	288
2031/32	140	284
Sub Total (End of Leisure Contract)	4,791	4,105
2032/33	117	280
2033/34	94	276
2034/35	72	273
2035/36	49	269
2036/37	26	265
2037/38	4	261
2038/39	(19)	257
2039/40	(42)	253
2040/41	(64)	249
2041/42	(87)	245
2042/43	(110)	241
2043/44	(133)	237
Total	4,698	7,211

2.11 Summary of Financing Option

2.11.1

Given the current estimates of costs and the revised contract sums, there could be an additional significant pressure on the revenue budget required to fully finance the scheme through external borrowing at the current estimated costs. Any borrowing for the development will have to be balanced against its affordability in the revenue budget. As has been previously highlighted, the Council is able to borrow so long as it has the revenue budget to fund the borrowing costs.

- 2.11.2 All borrowing would be undertaken in accordance with the Council's Treasury Management Strategy with the timing and amount of funds borrowed being made only after having regard to:
- The Council's overall liquidity requirements
 - The management of treasury risks and minimisation of borrowing costs, and
 - The requirements of the Code of Practice on Treasury Management and the Prudential Code of Capital Finance in Local Authorities
- 2.11.2 The Council would have to determine whether the scheme offered value for money with the additional borrowing costs outweighing the subsidy savings being generated from the new contract.
- 2.11.3 Any external borrowing undertaken would not likely be taken as a single tranche up-front. To maintain flexibility and manage risks, it would be likely that borrowing would be spread over different terms and repayment types. However, it is also likely that any external borrowing undertaken will be for a term in excess of the new leisure provider contract in totality, so the Council would again need to have confidence that when the current contract ends, subsidy levels would be maintained or reduced from those now being paid.
- 2.11.4 The proposed capital costs for the redevelopment do not include provision for the remediation/demolition of the James Street Pools site and should any capital works be required to this site this would be an additional cost to the Council. The redevelopment of this site is the subject of a further study designed to establish the viability of this site for future alternative uses.
- 2.11.5 The Council is liaising closely with its treasury management advisors, Link Asset Services, to examine the options around borrowing to try and minimise borrowing costs as much as possible. These options will include:
- Identifying potential options to generate capital receipts from asset sales to reduce any borrowing requirement
 - Use of internal borrowing where possible.
 - Term of borrowings;
 - Phasing and profiling of any external borrowing (i.e. not taking full borrowing requirement of £17.467million in one tranche)
 - Type of loans to take e.g. Interest only, EIP etc
 - Best time to borrow to minimise interest costs.
 - Review MRP policy to match the asset life

2.12 Procurement Options for the Preferred Bidder (Principal Contractor)

2.12.1 As part of their appointment, Pick Everard are undertaking a review of the Principal Contractor procurement process proposed by Cameron Consulting. The current proposal is to undertake a tender process through the Official Journal of the European Union (OJEU). Cameron Consulting have proposed a two-stage tender process utilising the JCT 2016 Design & Build Contract.

2.12.2 Official Journal of the European Union (OJEU) Procurement

The European public contracts directive (2014/24/EU) applies to public authorities including, amongst others, government departments, local authorities and NHS Authorities and Trusts.

The European Union Procurement Directives establish public procurement rules throughout the European Union and apply to any public purchases above the defined thresholds. The current Works Contracts threshold is set at £4,104,394. The purpose of the directives is to open up public procurement within the European Union and to ensure the free movement of supplies, services and works. The directives are enacted in the UK by The Public Contracts Regulations.

Public projects must comply with the regulations if the value of contracts is above specified thresholds. Aggregation rules apply to projects tendered in parts to prevent clients from avoiding the requirements of the regulations by simply dividing projects up into contracts that are below the threshold.

The regulations set out rules requiring that such contracts must be advertised (contract notices published) in the OJEU. This is of particular importance because, unless OJEU rules are considered in the very early stages of a project, the time taken to advertise contracts can cause significant delays (at least up to 52 days). A process map detailing the process is located in Appendix V – OJEU Process.

Pick Everard have raised concern with regard to the protracted process and associated timeframe associated with OJEU and the implication that this has on programme.

This is of importance when considered in conjunction with the terms of Schedule 3 of the Preferred Bidders Operator Contract. It would be beneficial for all parties for Practical Completion of the Sands Centre to be brought forward as far as reasonably practicable.

Furthermore, procurement of a Principal Contractor through OJEU also creates the potential for legal challenge if a disgruntled Reserve Preferred Bidder believes that there may have been some kind of inconsistency with the award decision who can then raise a legal challenge within 6 weeks of notification of the Council's award decision.

Furthermore, there is a risk that the Principal Contractor Market will discount the project on the basis of being procured through OJEU as most of the leading contractors have successfully integrated themselves onto OJEU compliant frameworks that limit tendering costs based on a more regular flow of opportunities.

Early comments from Pick Everard have suggested a number of other options are available to the Council that would reduce the above risks and challenges. Pick Everard will produce a Procurement Strategy ahead of the Special Joint Scrutiny Panel on 29.01.18.

However, as a pre-cursor, the potential options open to the Council are to utilise a number of OJEU compliant national construction frameworks.

2.12.3 Framework Options

Early comments by Pick Everard have advised the Council that the North West Construction Hub and the Scape National Construction Framework are open and available for the Council to utilise.

2.12.4 North West Construction Hub

The North West Construction Hub (NWCH) was established in 2009 in response to Central Government's drive to improve efficiencies within the public sector.

It is led by a Board comprising of representatives from public sector organisations across the North West. The legal entity behind NWCH is Manchester City Council.

The NWCH Frameworks are designed to be successful by endeavouring to replace the lowest price tendering with long-term relationships between clients, professionals and contractors, formed around shared objectives and common values.

Collaborative working is designed to be at the heart of the framework with a result of less waste, less duplication, local engagement and greater efficiency & with the goal of generating better value for money.

The initial cost estimate for the Sands Centre would sit the project under the NWCH's 'High Value' Framework (£9m+). The constructor partners listed below have been approved by the NWCH to handle projects valued at £9m+ or more.

- BAM Construct UK
- Galliford Try PLC
- Kier Group*
- Laing O'Rourke
- Morgan Sindall
- Wates Construction

**The NWCH is split in to two lots; Lot 1: Construction and Lot 2: Design and Build (D&B), Kier are not on the D&B lot but the other Contractors are on both Lots.*

The NWCH is a restricted, OJEU compliant framework, which will drive a mini competitive tender, however, this route will still incur a structured procurement period but the process and timeframes are governed by the Council and Project Team, thus this is considerably less than a full OJEU process.

2.12.5 Scape National Construction Framework

The Scape National Construction framework has been designed to offer unrivalled capacity, capability and certainty to any public body across the United Kingdom.

Five distinct frameworks have been developed to ensure that any type of project or programme can be delivered efficiently and with social value embedded.

Regardless of project scale, scope, complexity or location, Scape state that the single source delivery partners have demonstrated competitively through an

OJEU tender process that they can provide the optimum mix of local knowledge and technical expertise to deliver superior outcomes for the public sector.

For many projects, including the Sands Centre, a choice of Principal Contractor is available. Scape endeavours to ensure that 85% of contract spend is placed directly with the local supply chain. The Council have an opportunity to nominate any preferred local suppliers and can expect three quotes across all works packages as standard.

Each project is subject to a rigorous performance management regime, which requires the highest standards of customer satisfaction, local labour and local spend. Projects also operate with strict minimum standards of fair payment, waste diversion, community engagement, training and apprenticeships.

The value of this project places it within two of the framework boundaries, Major Works England and Northern Ireland and Major Works UK giving the Council the opportunity to utilise either of the two Scape frameworks.

- 2.12.6 Major Works – UK: The Major Works UK framework is designed to deliver construction projects between £10m and £50m.

Led by Wates Construction, one of the largest privately-owned construction, development and property services companies in the UK, this framework has been designed to deliver construction projects across the entirety of the United Kingdom, supported by an extensive local supply chain.

Scape state that “In addition to producing visually impressive, efficient to run and highly functional buildings, this framework has been configured to deliver significant levels of local economic engagement, ongoing apprenticeship schemes and extensive community initiatives”.

- 2.12.7 Major Works England and Northern Ireland: The Major Works England and Northern Ireland framework is designed to deliver construction projects between £2m and £20m.

This framework is led by Willmott Dixon, one of the UK’s largest privately-owned contracting, residential development and property support companies, supported by an extensive local supply chain.

2.12.8 One of the key benefits of the Scape Framework is the OJEU compliant competitive tender process has already been completed and thus there is no further tender period. Whilst there is a period for the Contractor to review the design and provide a construction cost, the Contractor can be rapidly engaged and working with the Client to develop the design.

2.12.9 **Procurement Report for the Preferred Bidder (Principal Contractor)**

Pick Everard will provide a critical evaluation of the procurement options available to the Council for the effective and efficient appointment of a Principal Contractor. The report will analyse the tender, procurement and form of contract proposed to understand and recommend what the most appropriate solution for the Council.

3. CONSULTATION

3.1 Formal consultation will be required for any scheme as part of the planning application process as highlighted in the Master Programme.

3.2 In addition the design team will conduct informal but detailed consultation with key internal and external stakeholders during RIBA stages 3 Developed Design.

3.2.1 GT3 Architects have already undertaken some initial consultation with both the Aquatics club and Sport England with specific regard to the wet side provision which has resulted in the decision to retain 250 seat spectator seating.

3.2.2 Consultation with the Operator, Greenwich Leisure Limited has resulted in an increase in size of the learner pool from 17m x 8m to 20m x 8m to improve the programme of activities within the learner pool.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 The redevelopment of the Sands Centre complex would deliver the key aspirations of Carlisle City Council's Sports Facilities Strategy, deliver the reductions in leisure contract subsidy enshrined in the new Leisure Contract, and replace / renovate existing facilities as, or more efficiently than fulfilling the anticipated repair liabilities at the Pools and Sands Centre sites.

4.2 The approval of the scheme up to the end of RIBA Stage 4 will allow for detailed designs to be developed and a tendered price to be offered by a contractor. At the end of RIBA Stage 4 a gateway report confirming the final design and tendered price offer from the proposed contractor would be submitted to Executive (and the

Business and Transformation and Health and Wellbeing Scrutiny Panels). This gateway report would seek approval from Executive to commit to a final scheme and enter into a contract for the construction phase.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1 This project makes a significant contribution to the priority to *“further develop sports, arts and cultural facilities to support the health and wellbeing of our residents”*.

Contact Officer: Darren Crossley

Ext: 7004

**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive’s – None

Deputy Chief Executive – None

Economic Development – None

Governance – In determining how to proceed in this matter the Council must be cognisant of its fiduciary duty to ratepayers. It deciding to spend money it must take into account the interests of the council taxpayers who have contributed to the Council’s income and balance those interests against those who benefit from the expenditure. The Council must take into account all considerations which are relevant and disregard those which are irrelevant. The process to be followed, should the scheme be progressed, is clearly set out in the Report and it is imperative that the appropriate procurement route is followed and all contracts properly documented as necessary.

Resources – Contained within the body of this report.

The Sands Leisure Centre

Stage 2 Report

03/11/17 - First Issue



Checked by: PMR
Issued by: PMR
Project Number: 17024

1 / Site Analysis

Site Analysis

Location

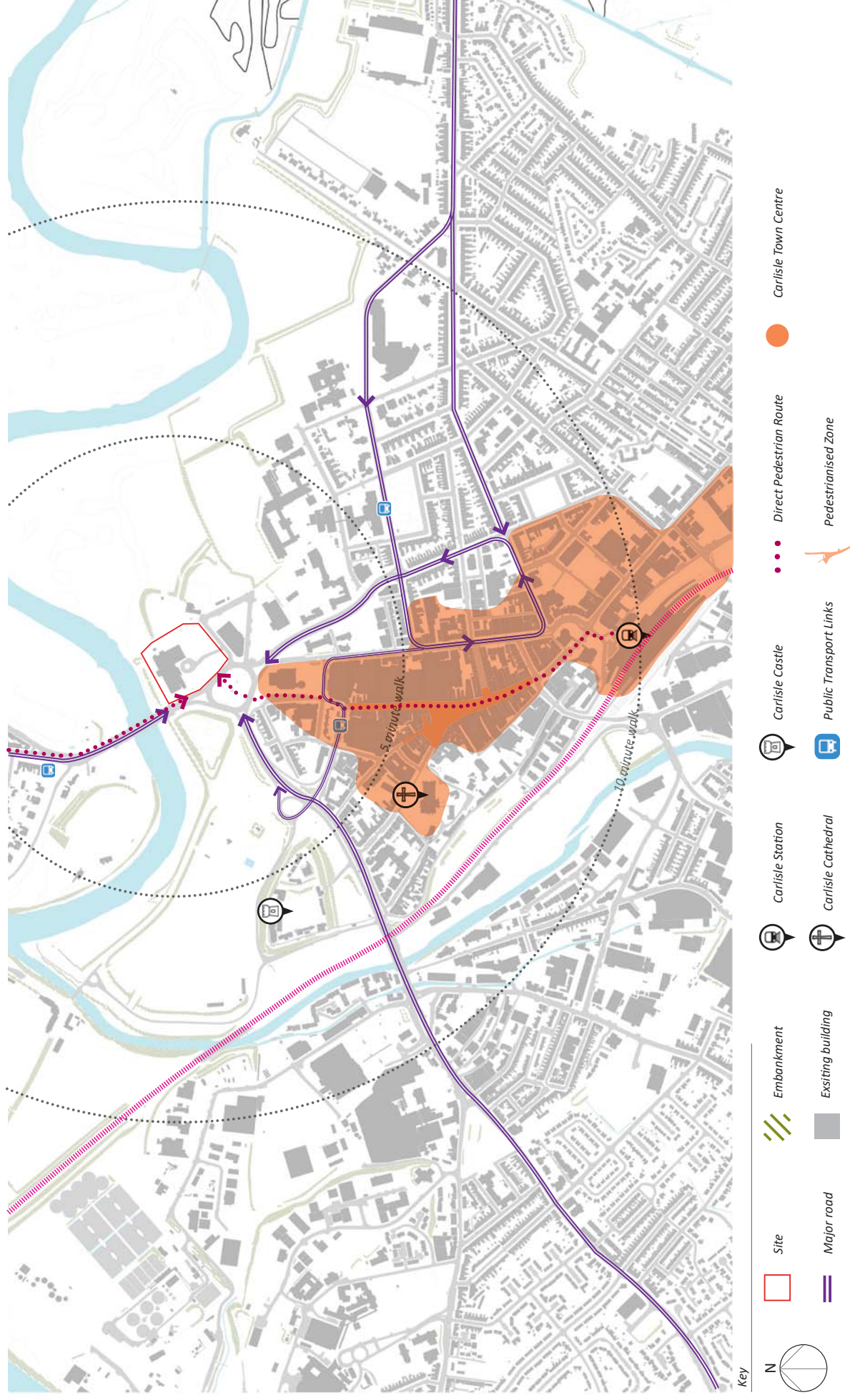


Key

- Site location
- Carlisle Town Centre
- Railway line
- Hadrian Way Path
- Area of investigation
- + Carlisle Castle
- + Carlisle Cathedral
- + Carlisle station
- == Major road

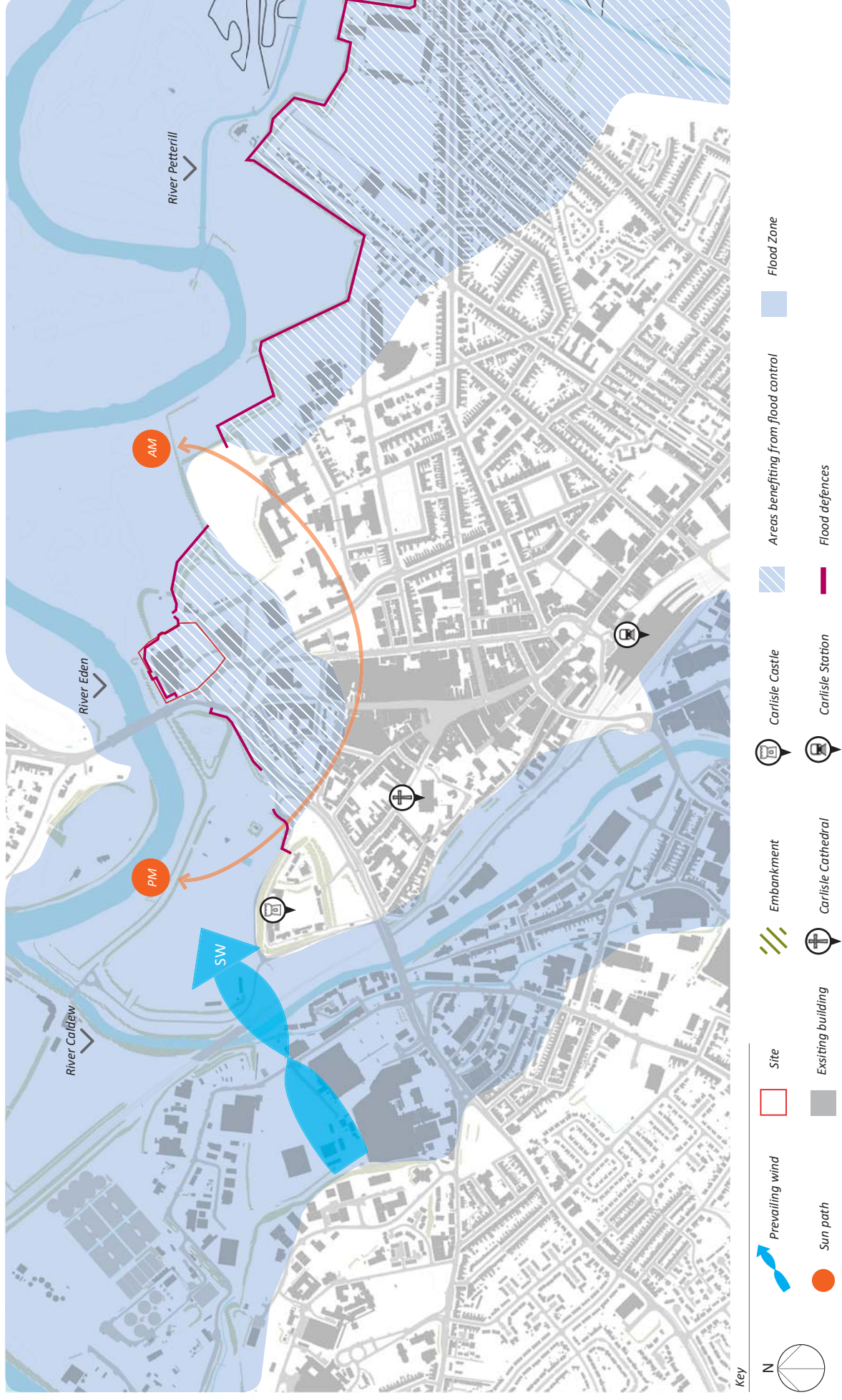
Site Analysis

Movement Framework



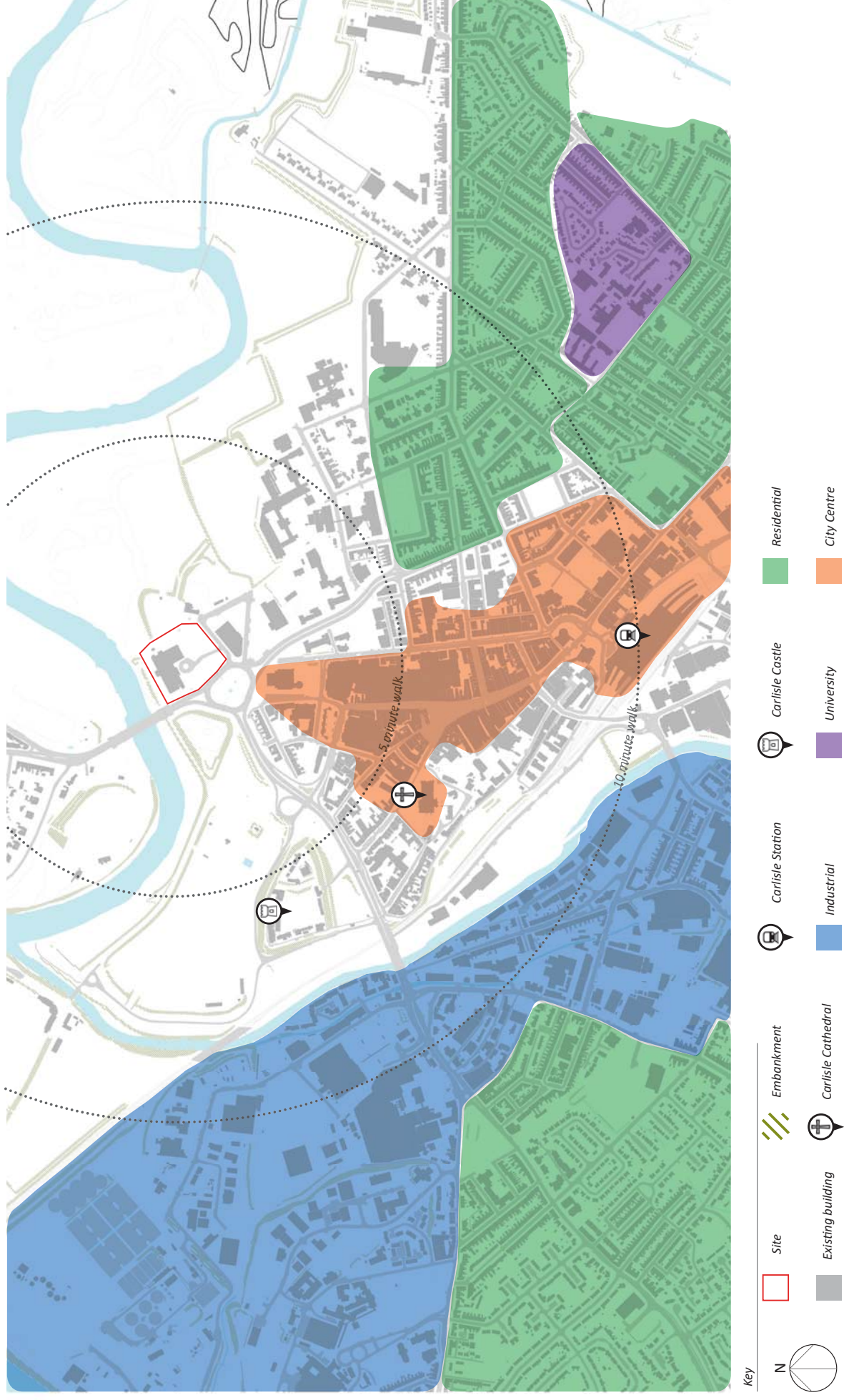
Site Analysis

Micro-Climate



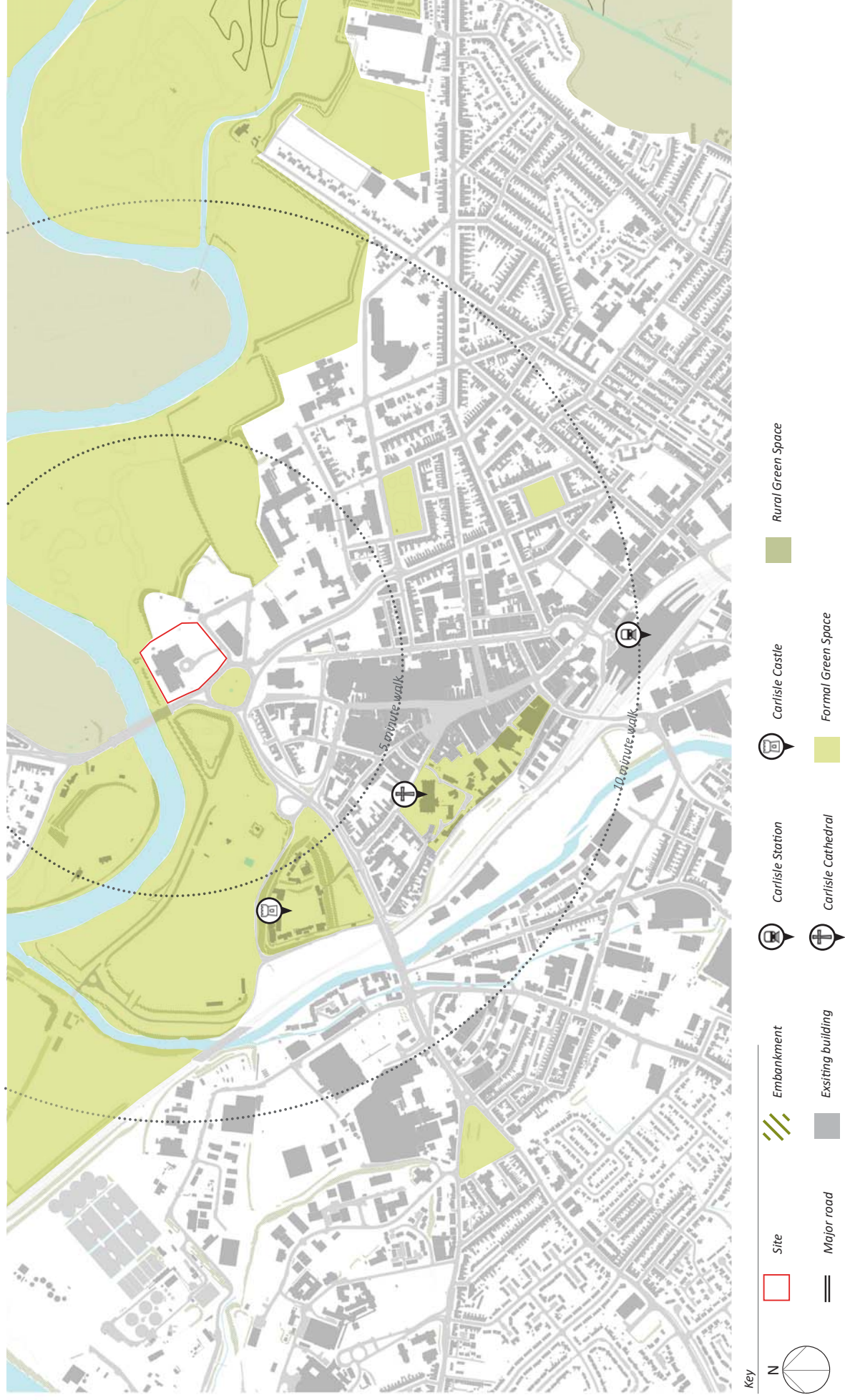
Site Analysis

Area Character



Site Analysis

Green Space + Public Realm



Site Photos

Existing Sands Leisure Centre



South Elevation



North Elevation

Site Analysis









Conservation & Listed Structures

The existing leisure centre site sits adjacent to two conservation areas: The Stanwix conservation Area to the North, including the Eden bridge structure, and the City Centre Conservation Area to the West. However the site itself is not within a conservation area.

Located in the immediate surrounding site are various listed structures. The diagram opposite marks their location and classification.

- ① Eden Bridge - Grade I
- ② Walls, Railings and Piers to the west of the Sands Centre - Grade II
- ③ Creighton Memorial - Grade II
- ④ Walls, Railings and Piers to the south of the Sands Centre - Grade II
- ⑤ The Turf Inn - Grade II



	Leisure Centre		River Eden
	Site Boundary		Embankment
	Trees		City Centre Conservation Area
	Heritage Asset		Stanwix Conservation Area

*Site Boundary taken from 2010 planning application. TBC.



Site Analysis

Zoning + Routes



Key

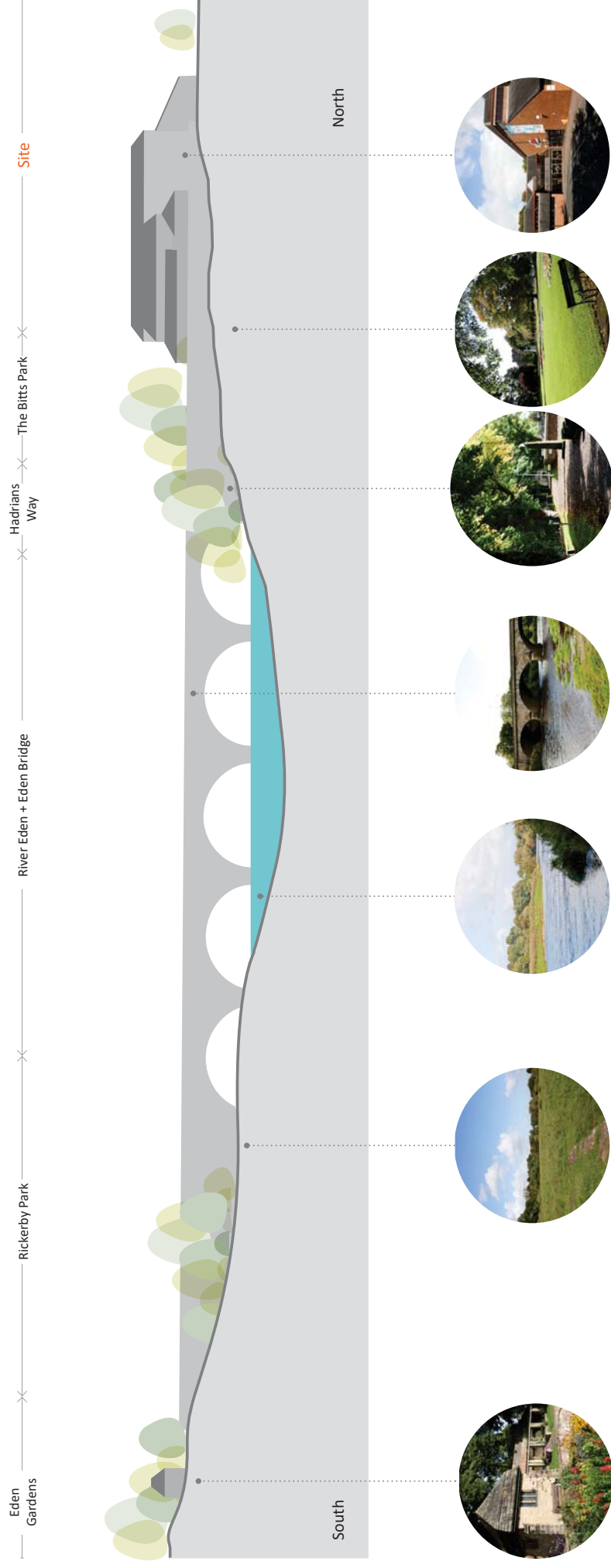
	Leisure Centre		Embankment
	Site Boundary		Hadrian Way Footpath
	Trees		Pedestrian Access
	River Eden		Primary Vehicular Route
	Heritage Asset		

- The Sands Carpark: General Spaces 261
Disabled Spaces 13
- Swifts Bank Carpark: General Spaces 188
Motorcycle Spaces 1
- DFS Carpark: General Spaces 55
Disabled Spaces 9

*Site Boundary taken from 2010 planning application. TBC.

Site Section

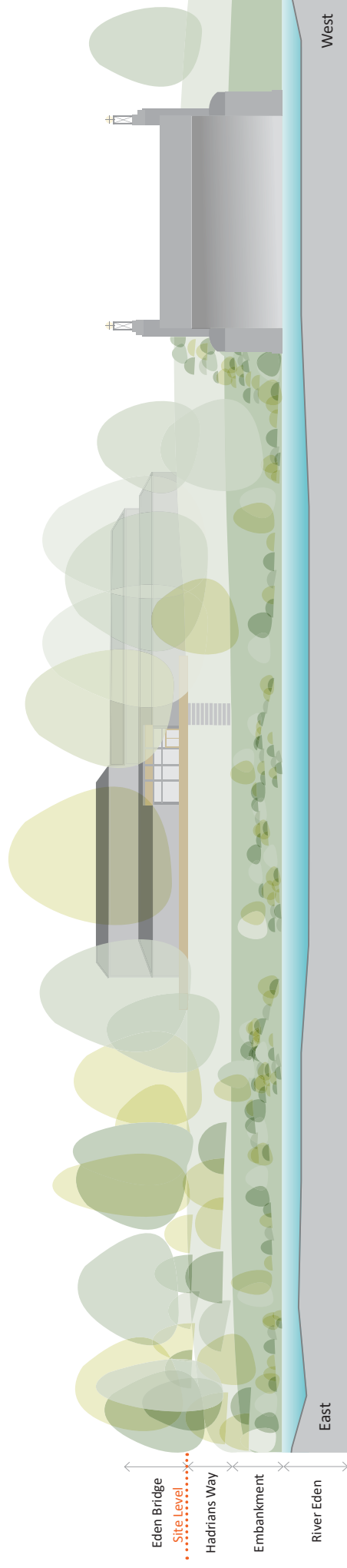
Existing Site Section



*Site Section for illustrative purposes only, a detailed topographical survey required for an accurate site levels

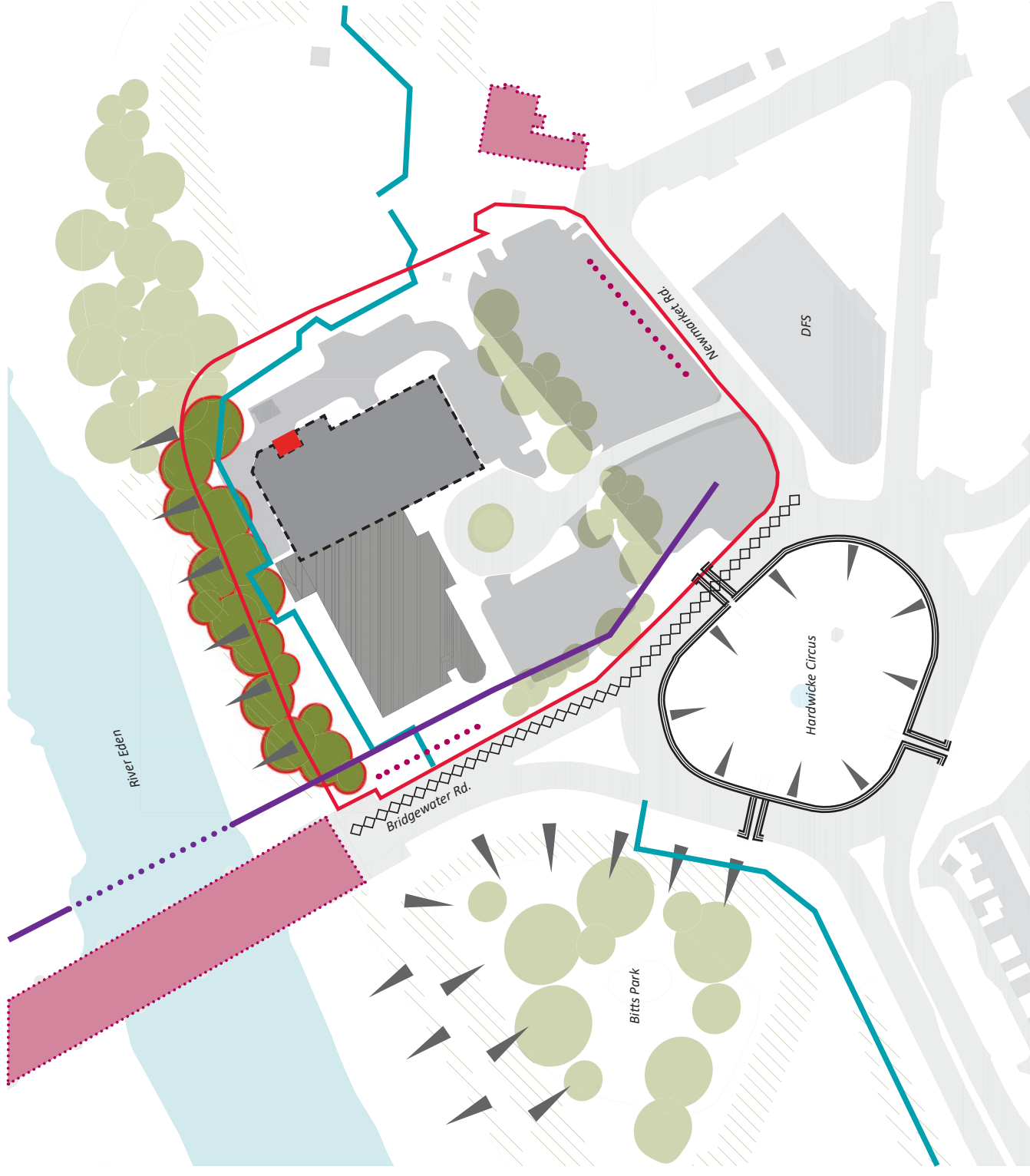
Site Section

Existing Site Section



*Site Section for illustrative purposes only, a detailed topographical survey required for an accurate site levels

Site Analysis Constraints



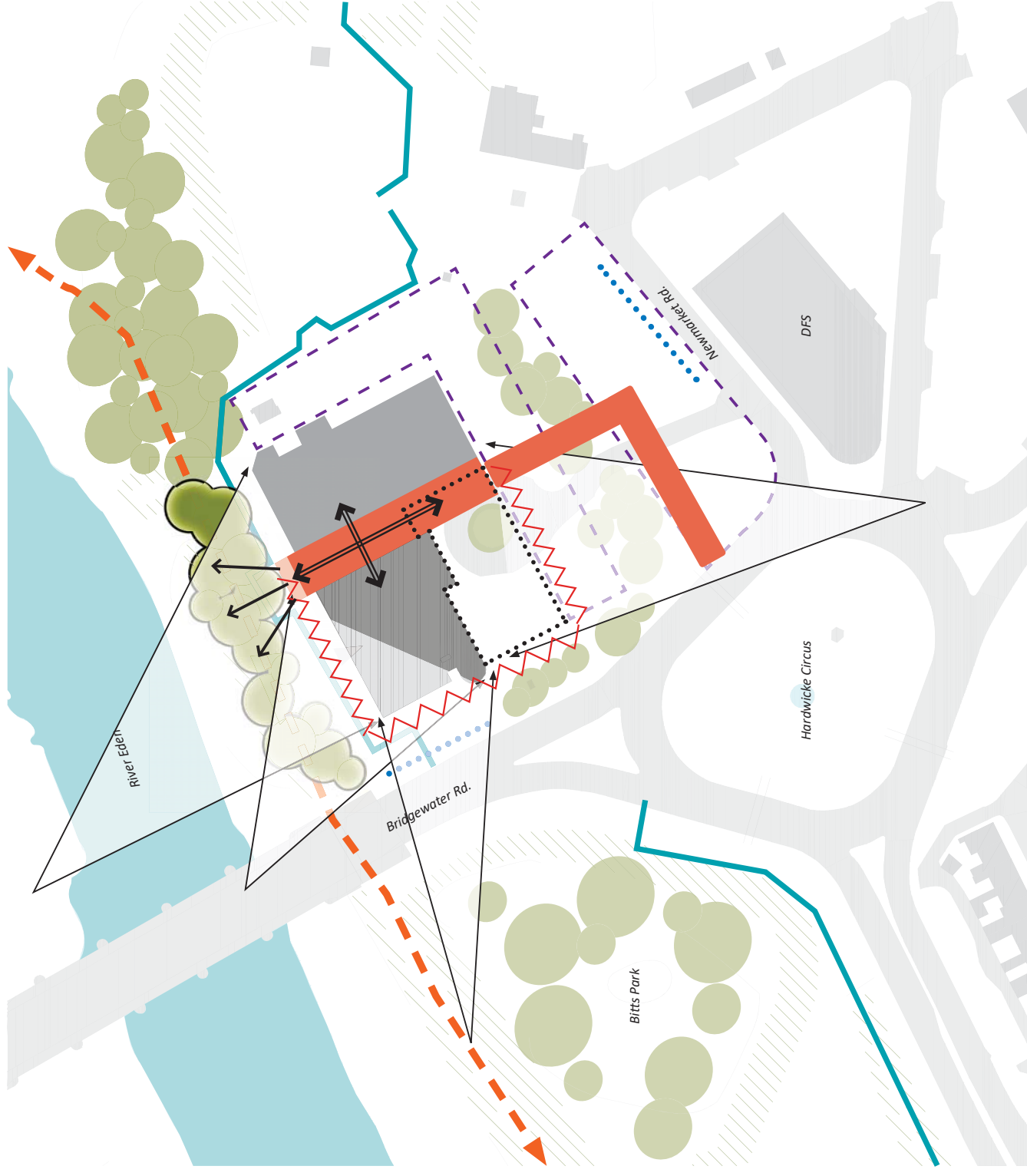
Leisure Centre	River Eden
Site Boundary	Embankment
Trees	Existing Water Mains
Existing Concert Hall	Listed Structure
Flood Defence Wall	Pollution and noise source
Existing Substation	Current Carpark
Slope Direction	

*Site Boundary taken from 2010 planning application. TBC.

Site Analysis

Opportunities

Existing trees along Hadrian was path to the north of the site provide a natural veil to the site when viewing from Rickerby Park

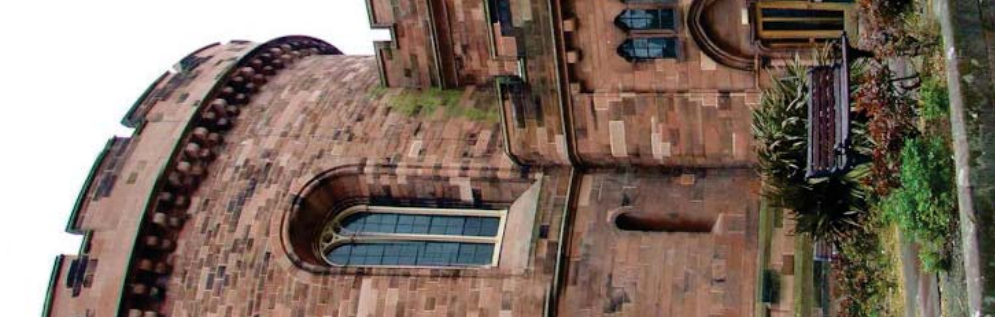


Key

- Leisure Centre
- Connecting "Street"
- Trees
- Active Elevation
- Key Views
- Flood Defences
- LO1 Views
- River Eden
- Embankment
- Hadrian's Way Footpath
- Potential Landscaping opportunities
- Development Area
- Enhanced building connections

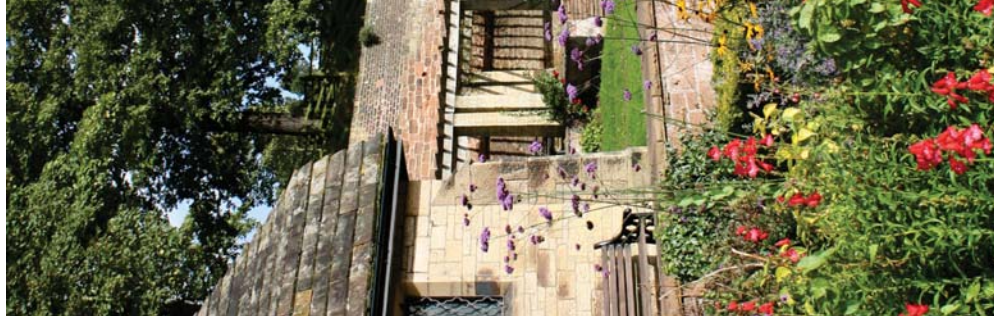
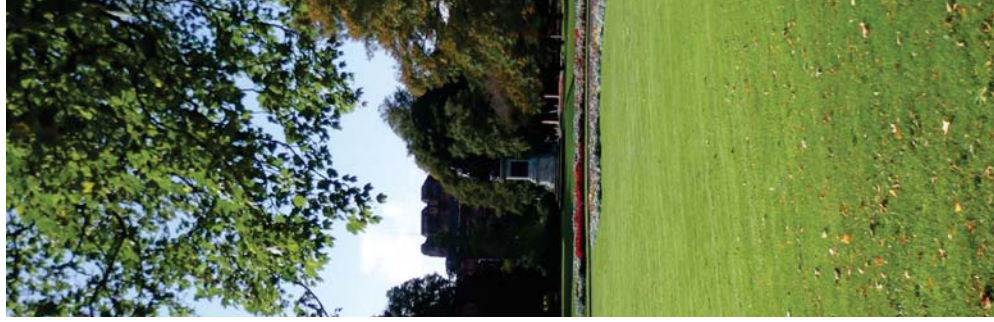
Local Colour Palette

Urban Landmarks



Local Colour Palette

Rural Landmarks



2 / History

Conservation & Heritage

Site History

The adjacent maps track the site uses from the year 1870 through to the current day.

1870 – The site forms part of the Cattle Fairground/Auction Mart. As a key location directly south of the Eden bridge the site offered a site of easy access from both rural and city zones. The Turf Hotel can be seen to the East.

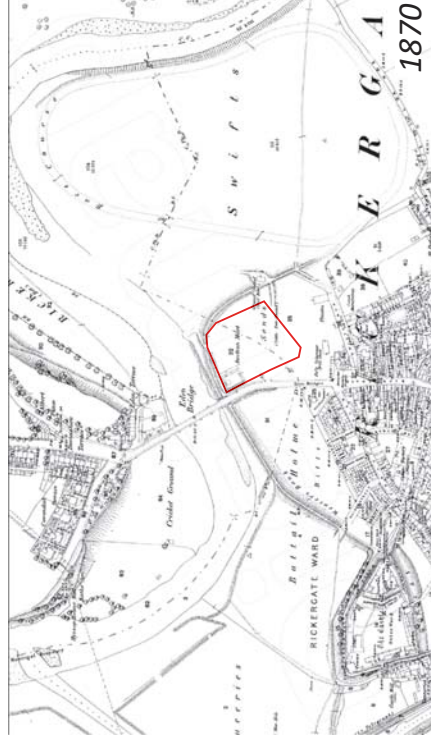
1900 – Retained as a Cattle Market the adjacent and bounding roads have been formalised with the site taking the shape it currently occupies.

1920 – Formalised parking for carts has been added to the south of the site

1940 – Largely unchanged since 1920

1970 – Site largely unchanged since 1920, additional outdoor sporting facilities of tennis courts and bowling green added to the East. Hardwick Circus has been formalised into a sunken garden with underpass connections.

Current – Existing Leisure centre built in 1985, site boundary largely retained since 1900.



3 / Brief

Sands Area Breakdown

Proposed GT3 Scheme - Graphic Brief

Notes	Area	Notes	Area
SPORT ZONE			
Pool Area			
	25m x 8 lane MAIN POOL (COMMUNITY STANDARD?) 20 x 8m LEARNER POOL		120 station gym @ 4.5m ² per station Inc. Strength and conditioning zone 540 m ²
	Store @ 10% of water area	Studios	
	Timing Room		2 X 125m ² Studios 1 x 80m ² Spinning Studio/ Flexi-space Flexible space with Sliding Folding Partition between 330 m ²
Spectator Gallery			
	250 spectator seats. Sports England Guidance for 25m x 8 lane pool. (Could review requirement to reduce seat numbers to 200min as pool is community not competition) GLL PREFER TO RETAIN 200		Store 30 m ²
4 Court Sports Hall			
	Sports England 4 court sports hall Badminton 4 x courts Community/Club Basketball 1 x Court Community/Club 5-a-side 1 x Court All levels Netball 1 x Court Community Volleyball 1 x Court Community/Club Boccia 4 x Court All levels Trampolining (harness points required) Gymnastics (harness points required) Optional Sports – Futsal/Handball/Korfball	SUB-TOTAL	
	Store @ 12.5% of hall area	2950m ²	
	Spectator Area		


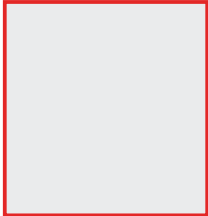







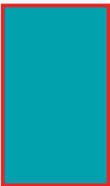
Proposed GT3 Scheme - Graphic Brief



PICK
EVERARD

Sands Area Breakdown

Proposed GT3 Scheme - Graphic Brief

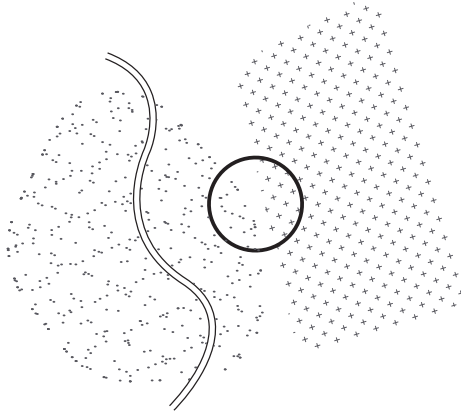
Notes	Area	Notes	Area
GENERAL SUPPORT ZONE			
Office		Cafe/ Street Zone/ Event Hospitality	
	GENERAL OFFICE (10 persons @ 6m²) 2 x Managers 1 x Admin 5 x Arts/Ents 2 x Tech 60 m²		L00 Inc. 200m² cafe space 500 m²
	STAFF FACILITIES - Inc. Social and Kitchen, dedicated Staff WC 30 m²		
	FITNESS OFFICE INC. Consultation room 25 m²		
	RECEPTION OFFICE 25 m²		L01 250 m²
	RECEPTION DESK 20 m²		
Bar/Service			
	L00 - 4/5 SERVING POINTS - TO INCLUDE GRAB & GO COFFEE ZONE FOR SWIM PARENTS OVERLOOKING POOL 60 m²	SUB-TOTAL 1325 m²	
	L01 - 4/5 SERVING POINTS 60 m²		
	BEER CELLAR 30 m²		
NHS Suite			
	Area based on existing 265 m²		
Summary Totals			
SPORTS SUBTOTAL		2950m²	
SPORTS SUPPORT SUBTOTAL		865m²	
GENERAL SUPPORT SUBTOTAL		1325m²	
TOTAL SUM		5130m²	
CIRCULATION @7.5%		385m²	
*PLANT @7.5%		385m²	
INT WALLS @5%		255m²	
		6165m²	
*ADDITIONAL			
ROOFTOP PLANT @4.0%		200m²	
		ABACUS FIGURE AT TENDER 4984m²	

4 / Concept Design

Key Themes

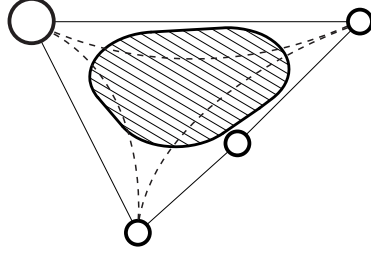
Parti Diagrams

It is important that there is a bridge between the overarching vision for a project and the more detailed design concept. This is achieved through the development of a series of key themes which characterise the vision and capture the essence of the project. The themes (which are not necessarily physical or spatial in nature) are general principles that will guide and inform the development of the design as it progresses through the conceptual and technical stages of the project.



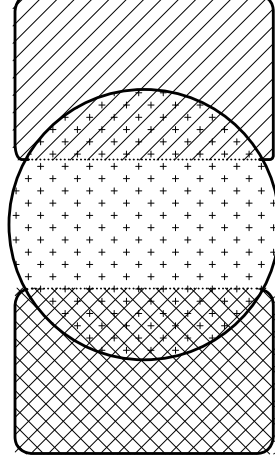
1) Where the City Meets the Country

- A development that mediates between the urban and the rural
- A development that physically connects to the river and its embankment
- A place that brings together people for a variety of purposes



2) A Culture/Leisure Landmark

- Working with the fabric of the City
- A gateway into and out of the City
- A new cultural & leisure landmark to complement the existing features

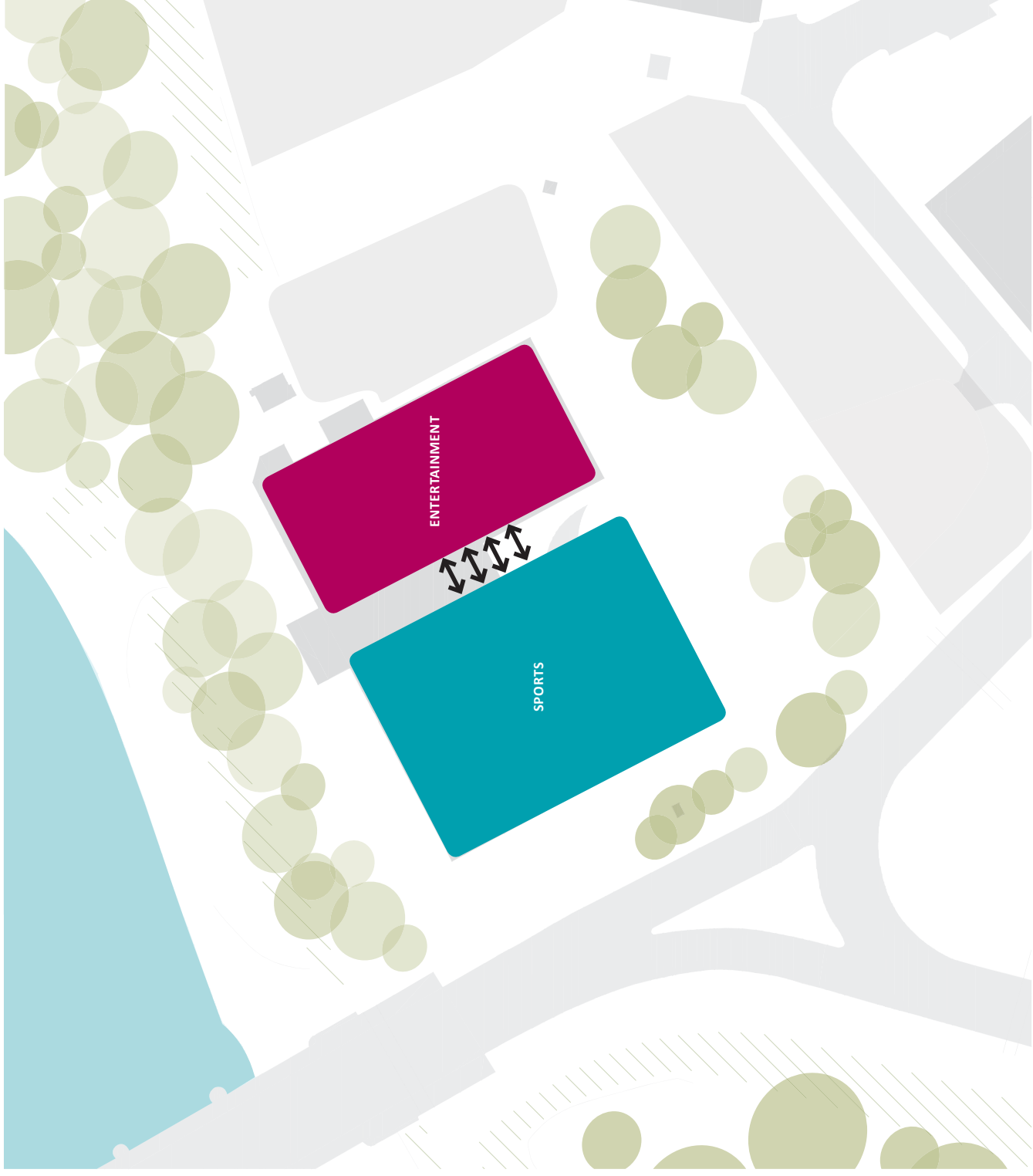


3) Where Sport Meets the Arts

- An innovative combination of uses and activities
- A series of flexible, shared spaces to meet a wide variety of needs
- A unique development with a unique character

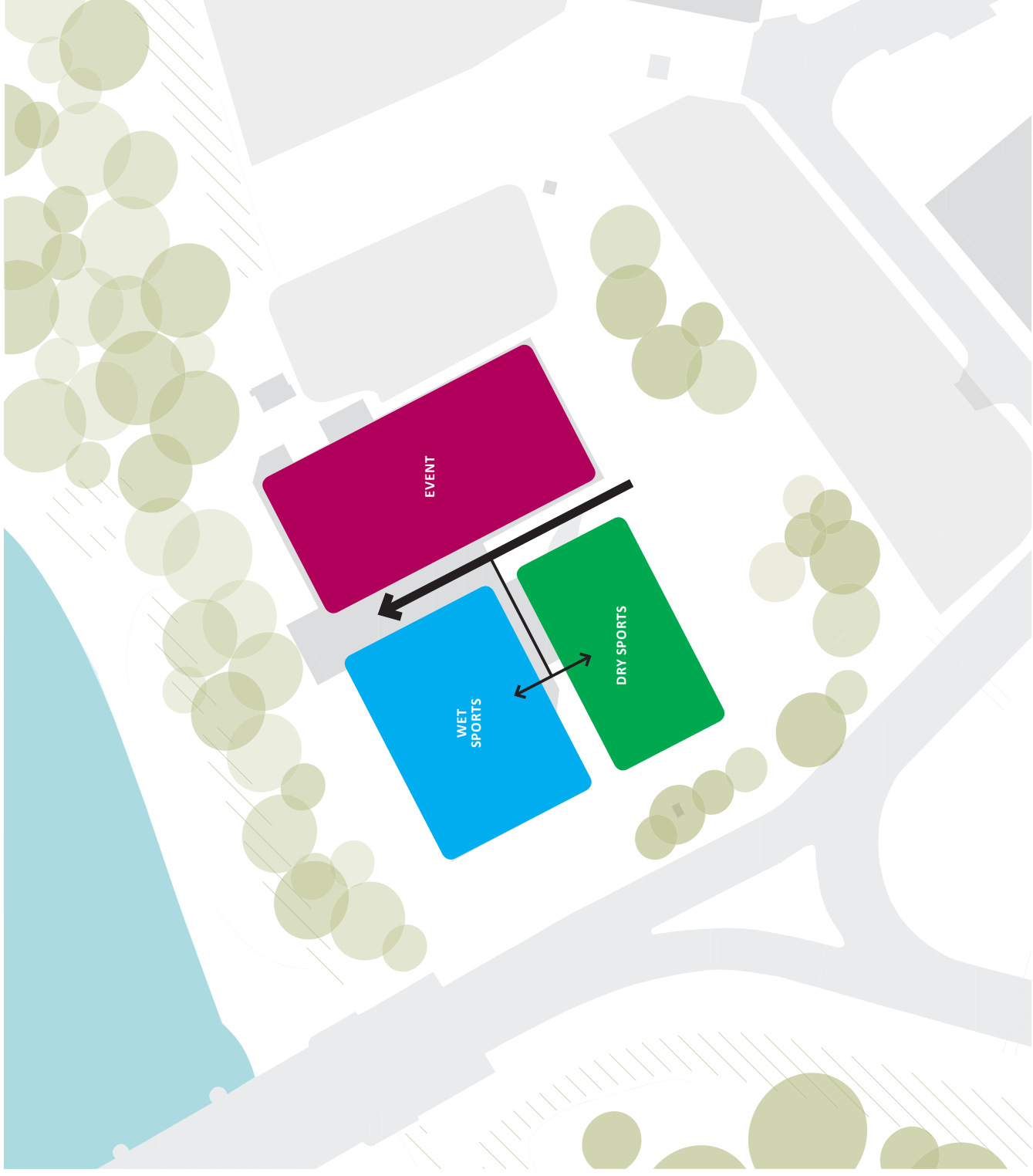
Concept Design

Sport + Event Relationship



Key

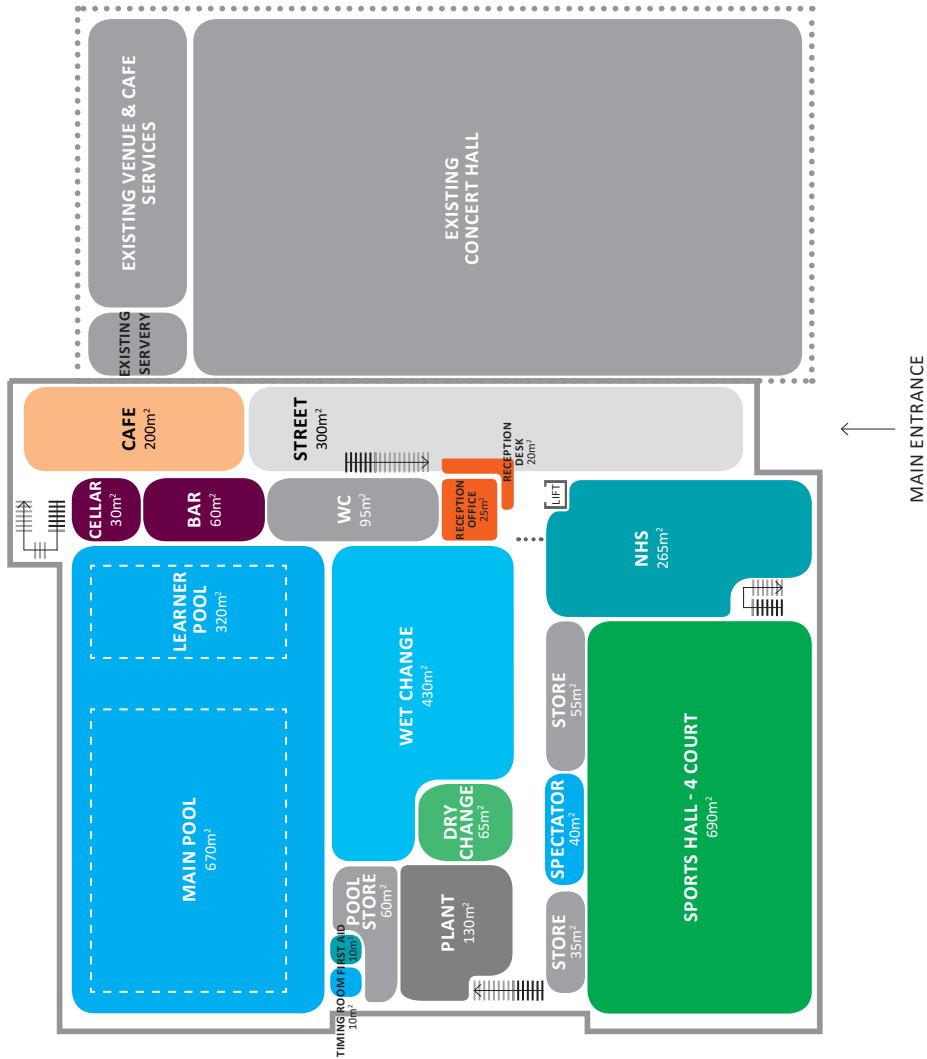
Concept Design Wet / Dry Sports + Events Relationship



Key

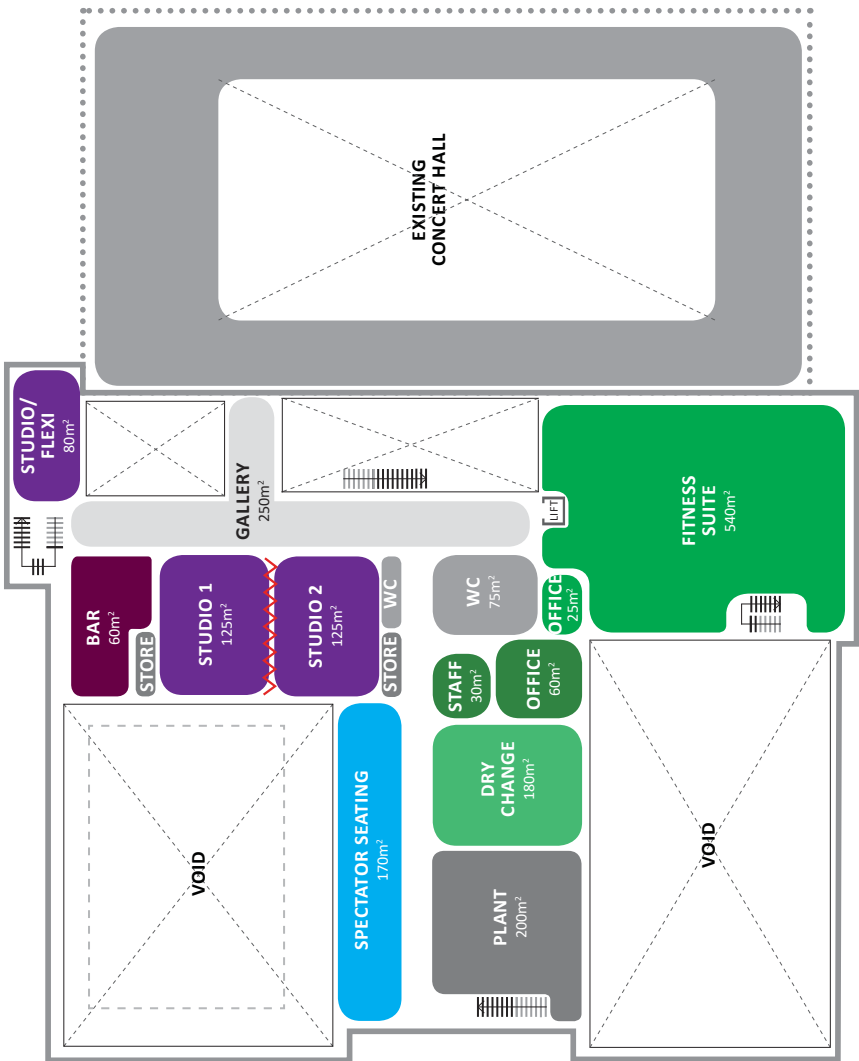
Concept Design

L00 Plan



Concept Design

L01 Plan

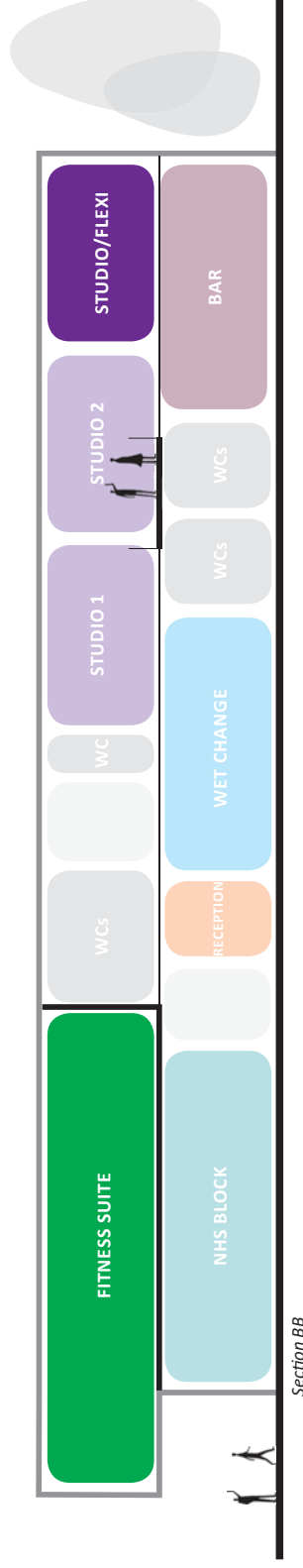
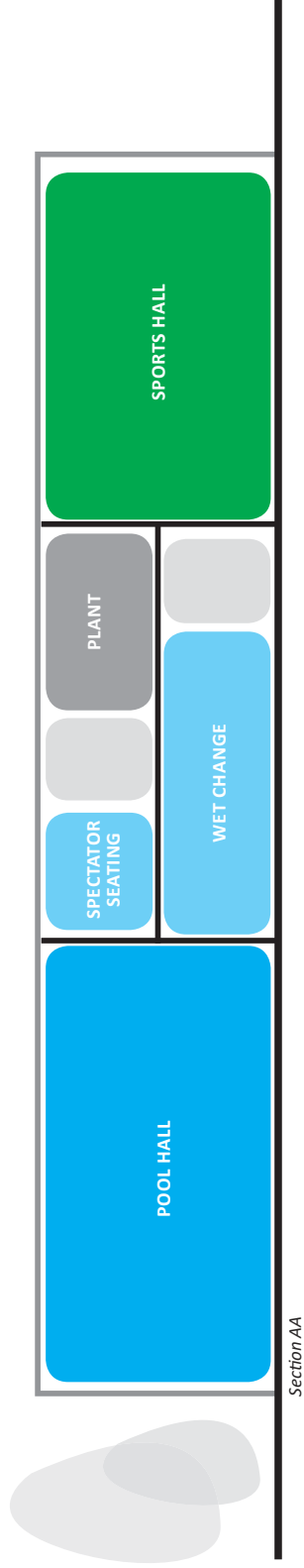


Key

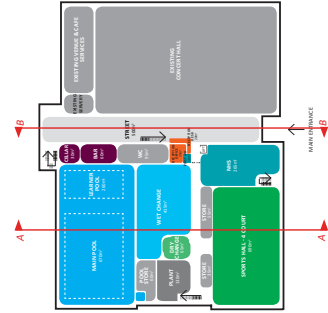
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Concept Design

Sections AA + BB

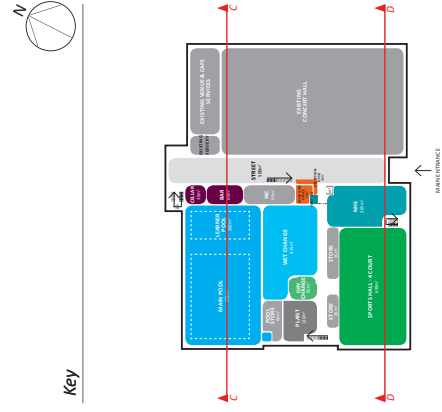
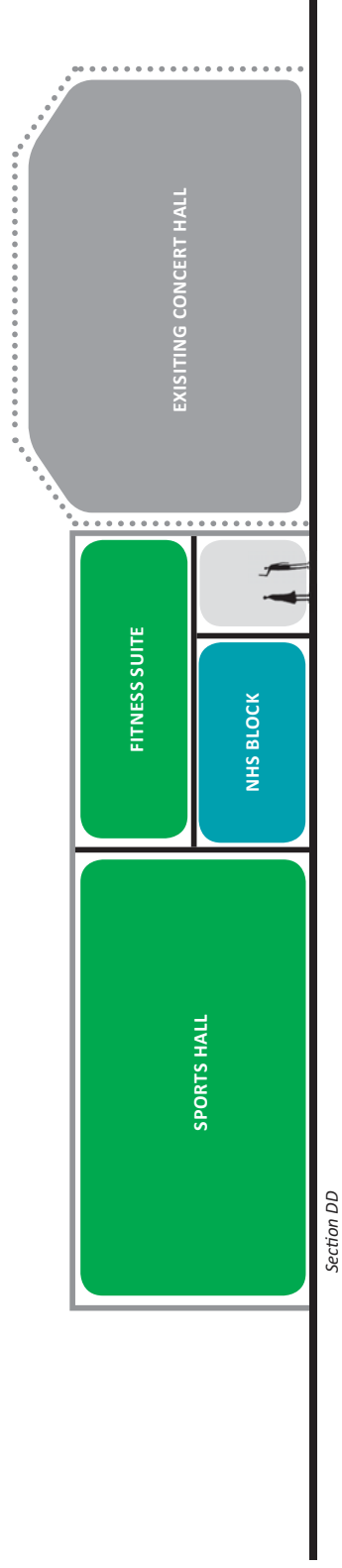
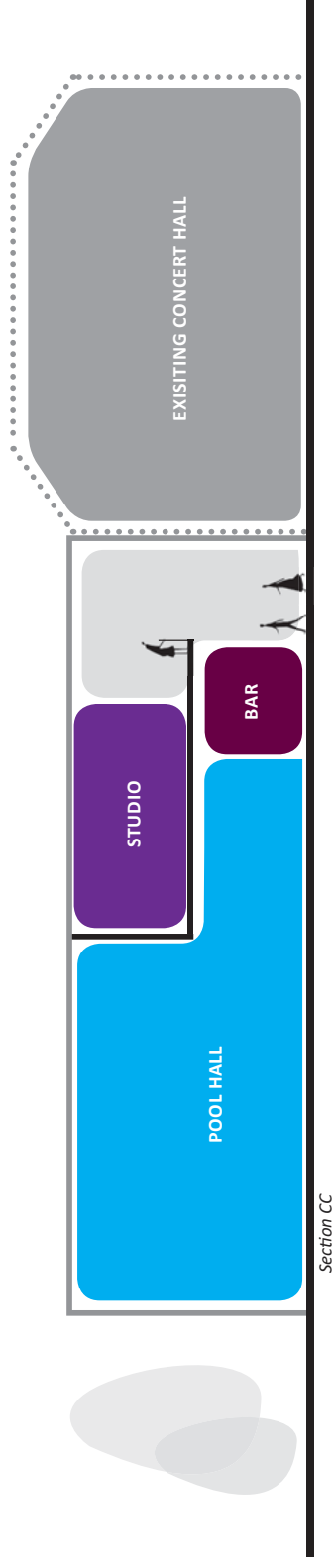


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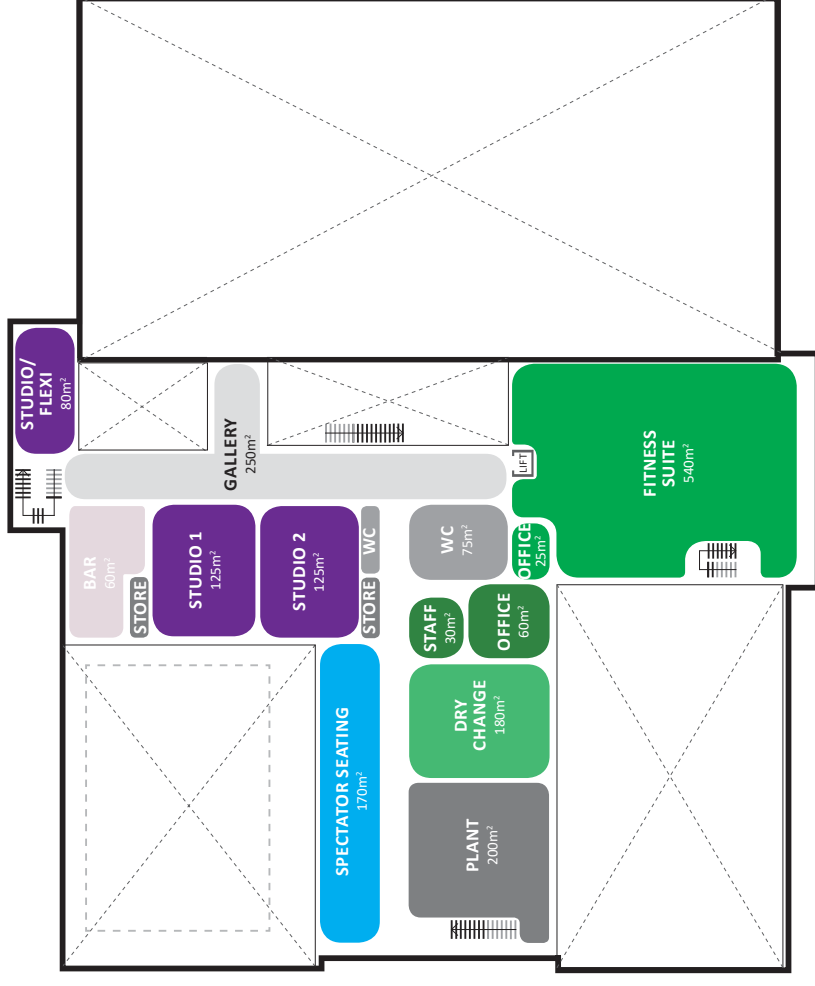
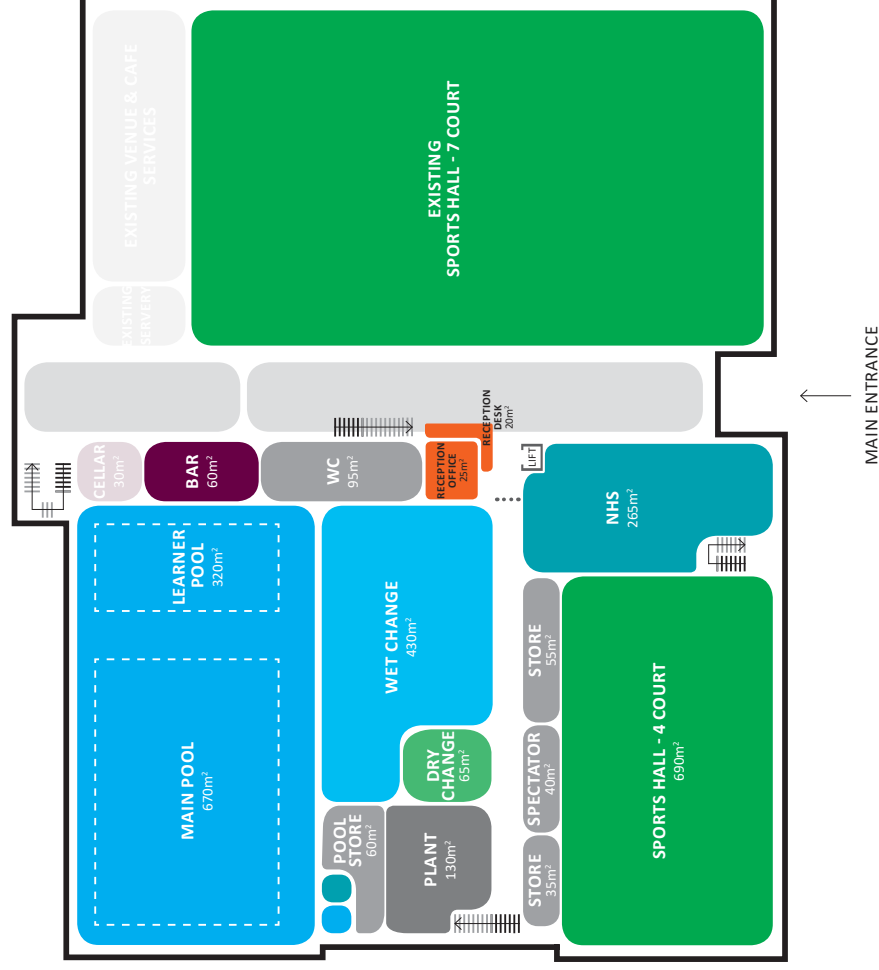
Concept Design

Sections $CC + DD$



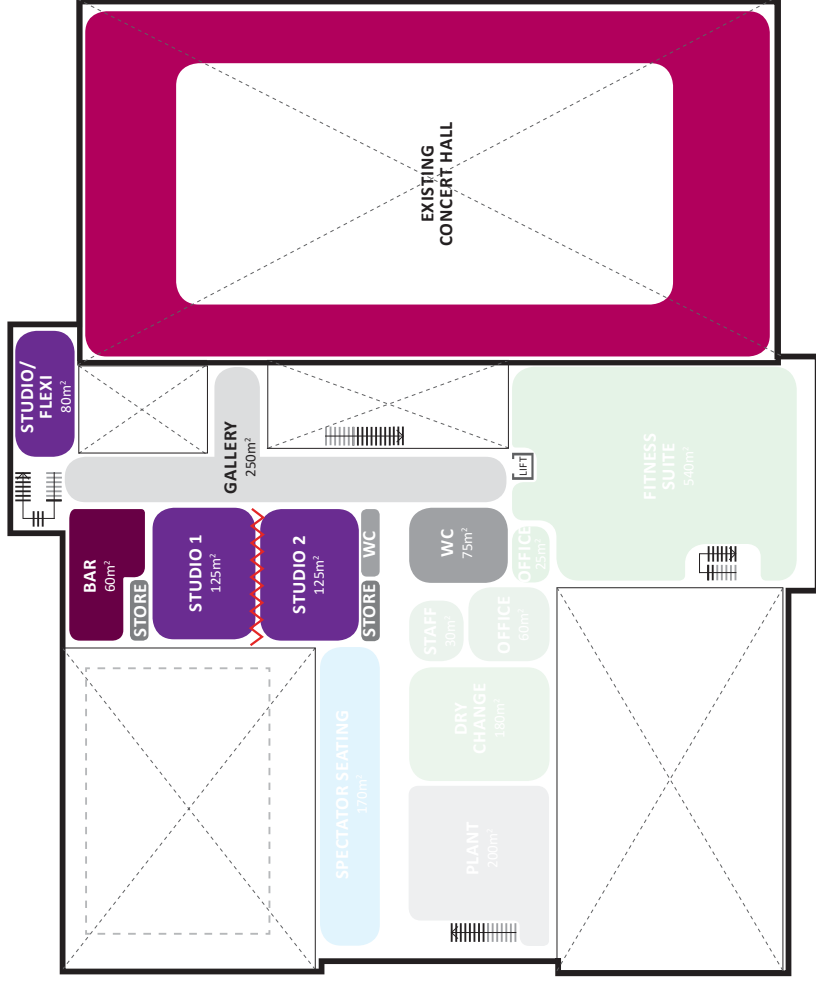
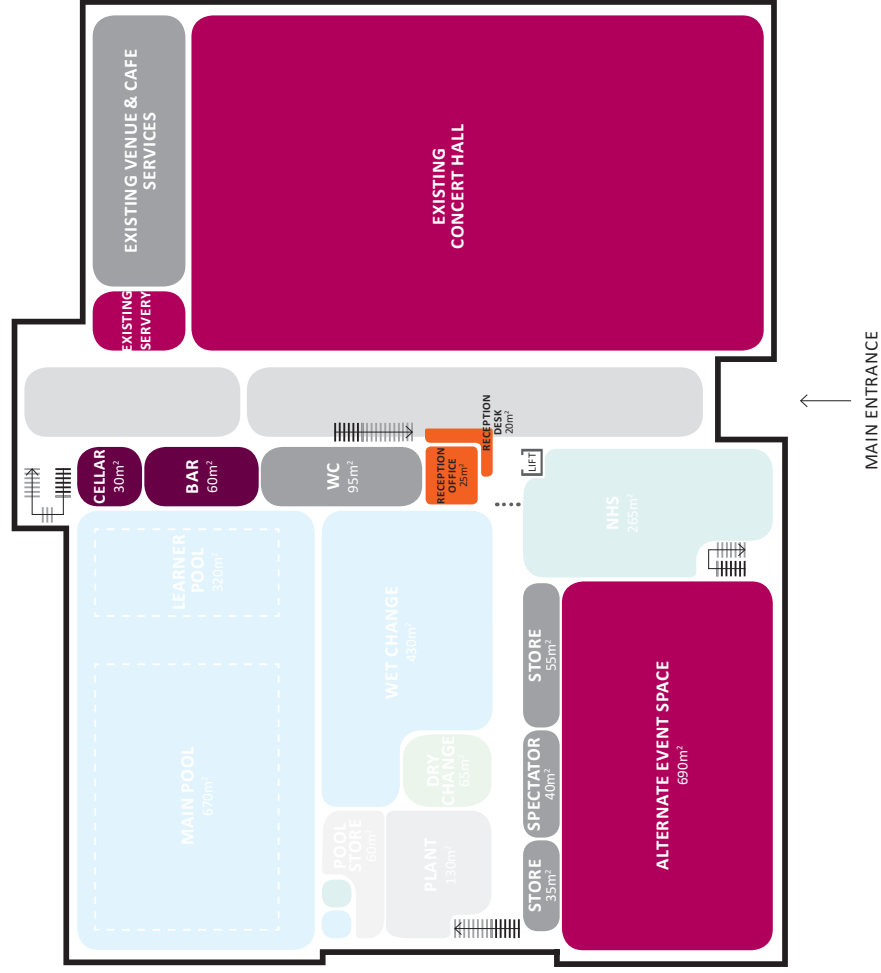
Concept Design

Sport Mode Layout

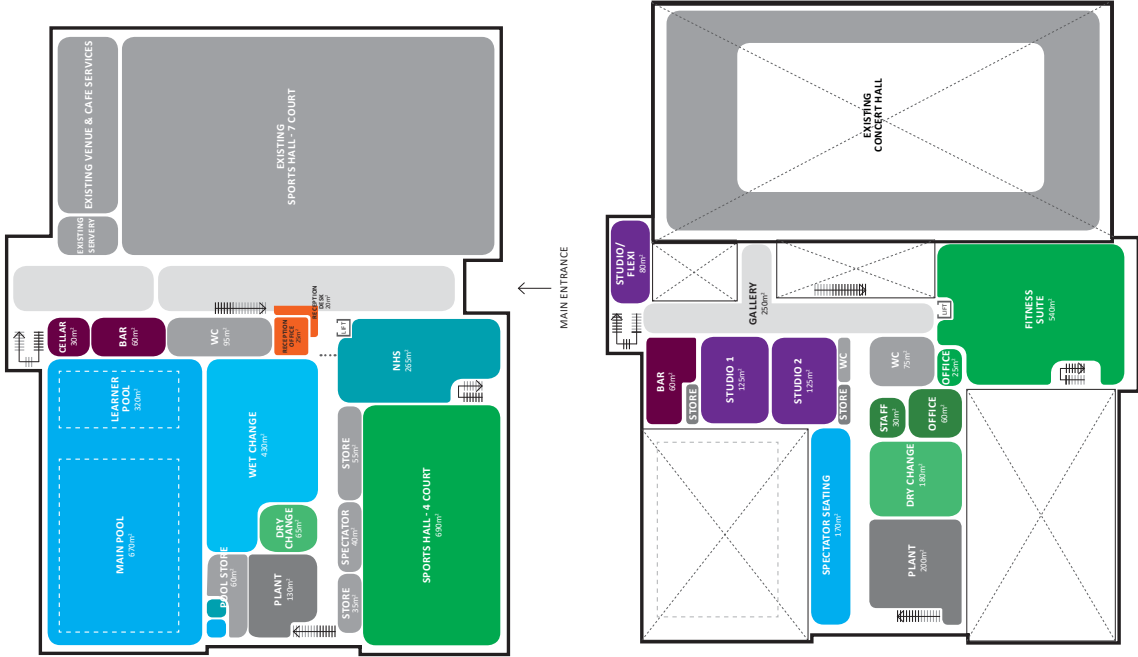


Concept Design

Event Mode Layout



Sands Area Breakdown
Proposed GT3 Scheme



Existing Ground Floor Area

2163m²

Existing First Floor Area

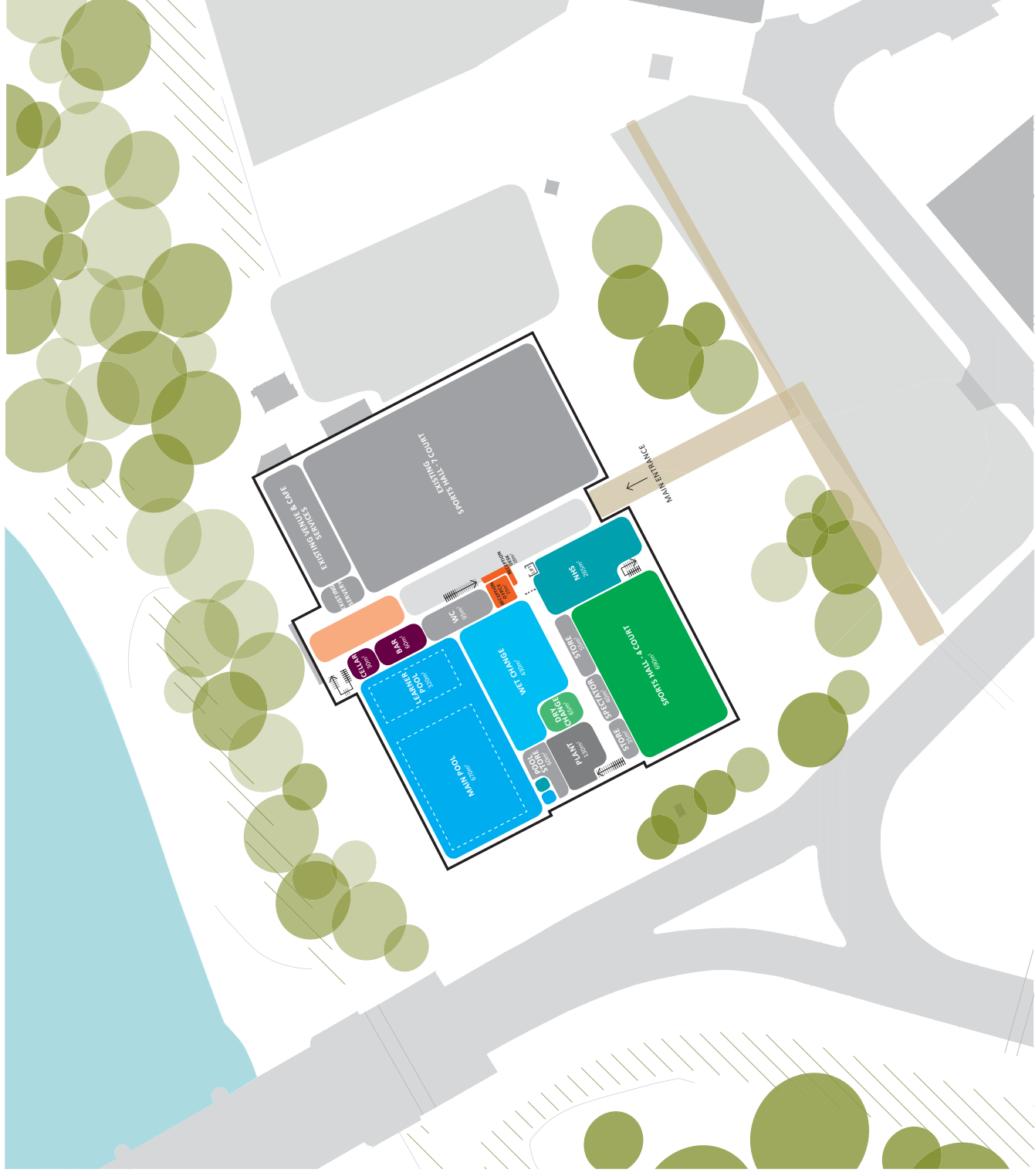
815m²

Total Existing Gross Floor Area

2978m²

GT3 Proposed Area Schedule		
Zone	Area (m ²)	Notes
Sport Zones		
Main Pool Hall	990	25m x 8 lane & 20m x 8m learner pools
Pool Store	60	10% of Water Area
Timing Room	10	GLL request_31-10-2017
Spectator Gallery	170	250 seats per Sport England Guidance
4 Court Sports Hall	690	Sport England Guidance
Hall Store	90	12.5% of Hall Area
Spectator Gallery	40	GLL request_31-10-2017
Fitness Gym	540	100 stations @5m ² per station
Studio 1	125	Flexible space/25 person @5m ² per person
Studio 2	125	25 person @5m ² per person
Studio 3 (spinning)	80	30 spin bikes GLL request_31-10-2017
Studio Stores	30	3 x 10m ²
Sub-total	2950	
Sport Support Zones		
Wet change	430	Inc. Change, Acc. Change, Group Change, Wet WC
Sports Hall Change	65	32 positions Inc. WC.Sh.Change
Fitness Change	125	78 position Inc Sh & Change
Studio Change	55	33 position Inc Sh & Change
Public WC	180	Based on 1000 person w/interval (BS6465 table 7)
First Aid	10	
Sub-total	865	
General Support Zones		
General Office	60	10 persons @ 5m ² per person
Staff Facilities	30	Inc. Kitchen & Social
Fitness Office	25	
Reception Office	25	
Reception Desk	20	3-4 positions
L00 Bar/Servery	60	4-5 serving positions
L01 Bar/Servery	60	4-5 serving positions
Beer Cellar	30	
L00 Street	500	Inc. Café seating, Social areas
L01 Street	250	Inc. Café seating, Social areas
NHS Suite	265	Area to match existing
Sub-total	1325	
Total Net Sum	5140	
Circulation @7.5%	385	
Plant @7.5%	385	
Internal Walls @5%	255	
Total Gross Sum	6165	
Rooftop Plant @4.0%	200	

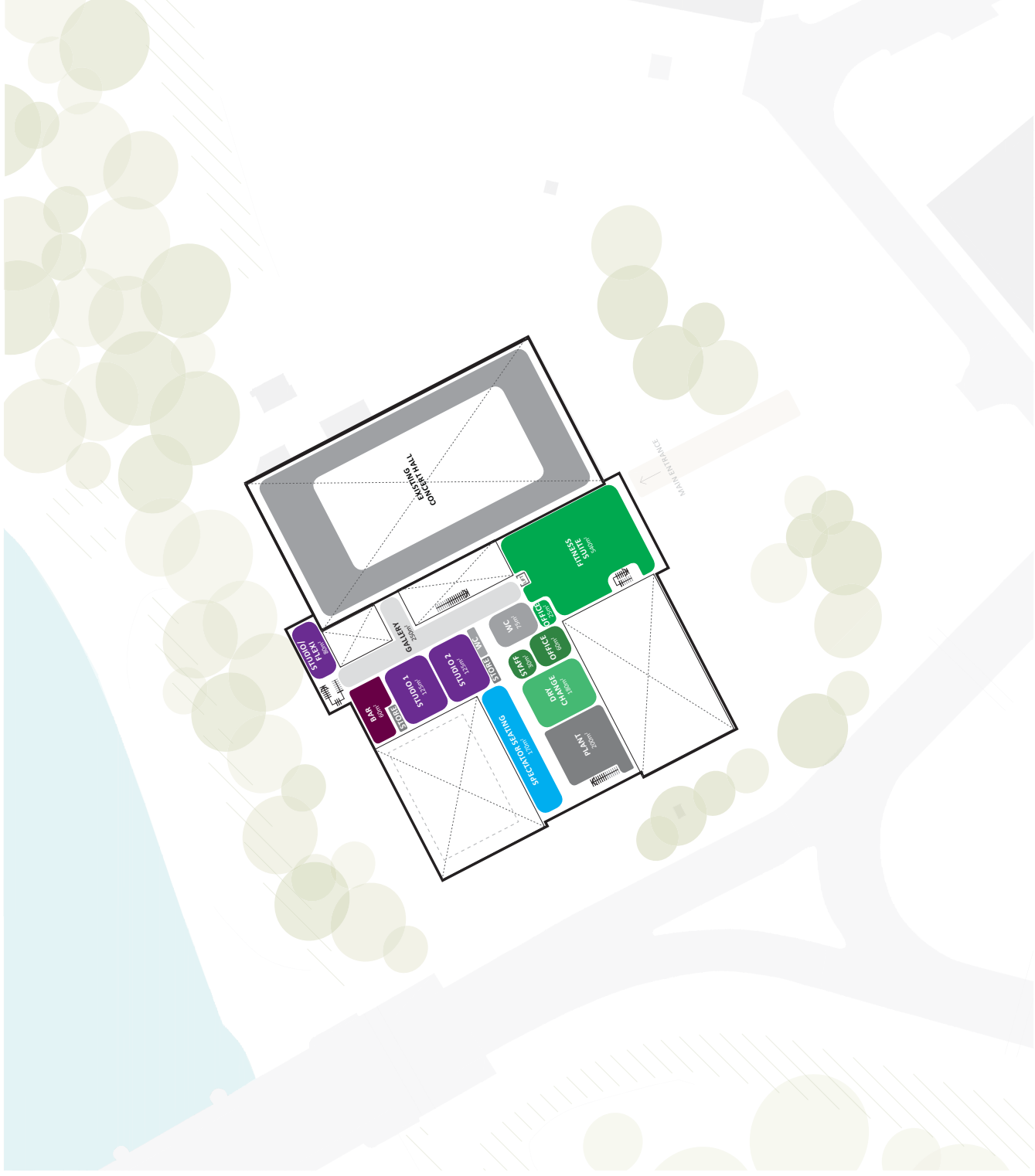
Concept Design 100 Plan in Context



Key

Concept Design

L01 Plan in Context

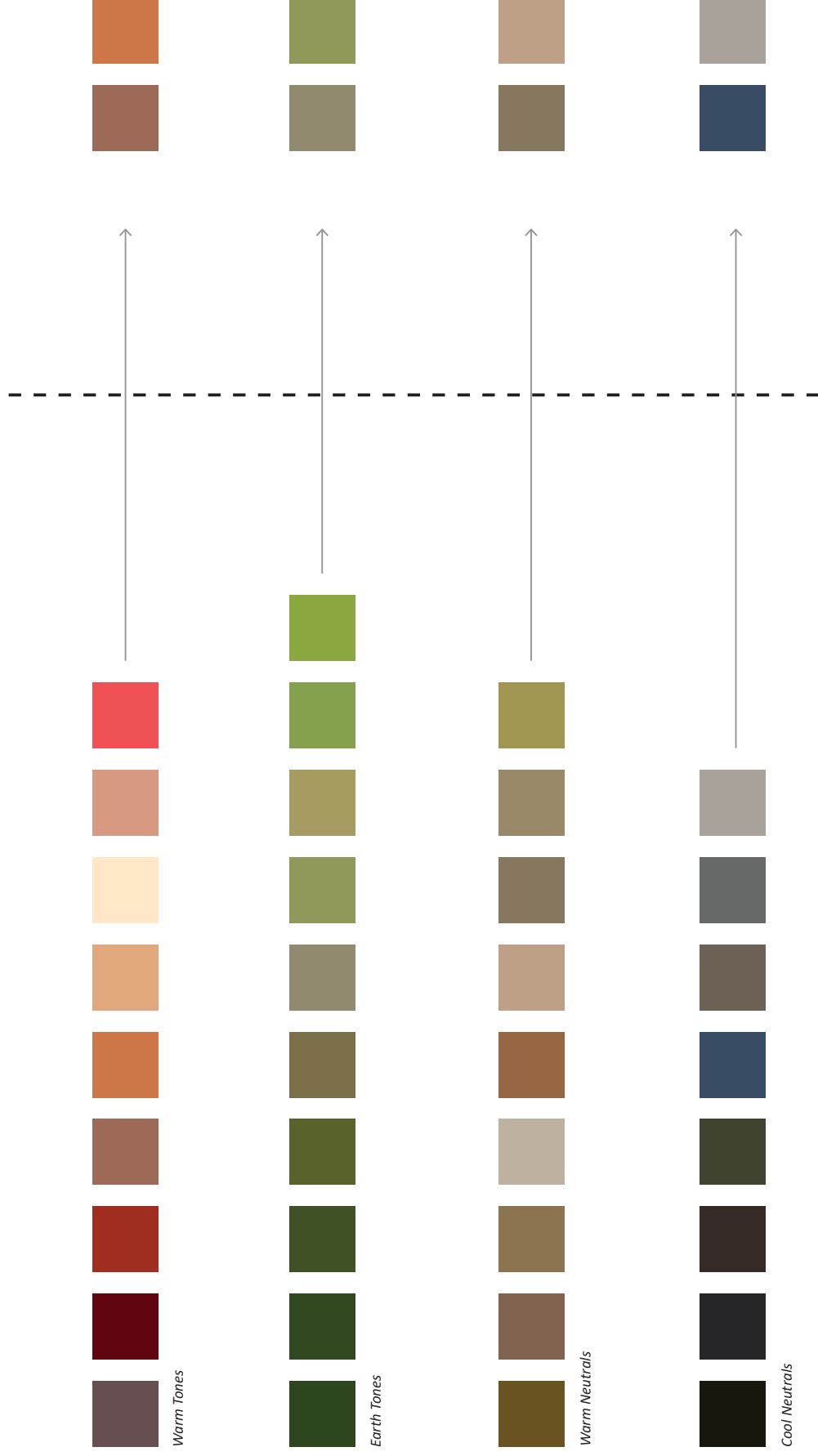


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5 / Material Strategy

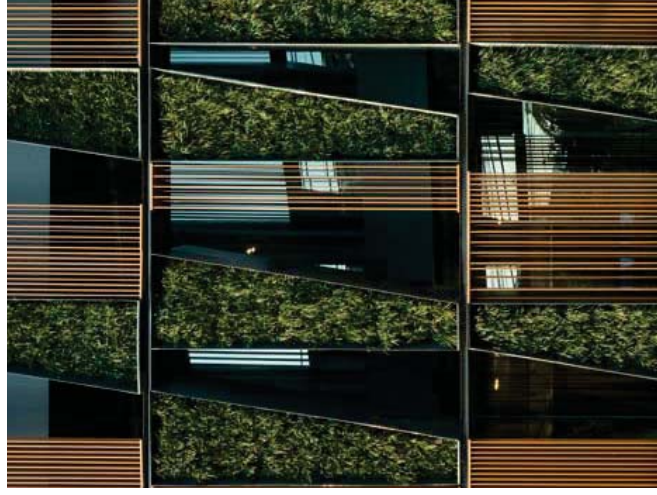
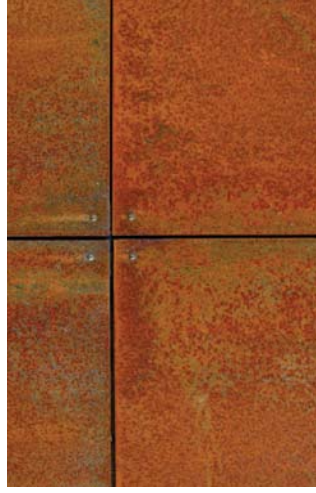
Colour & Material Strategy

Colour Ways



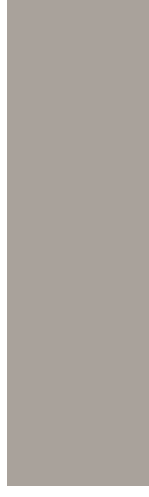
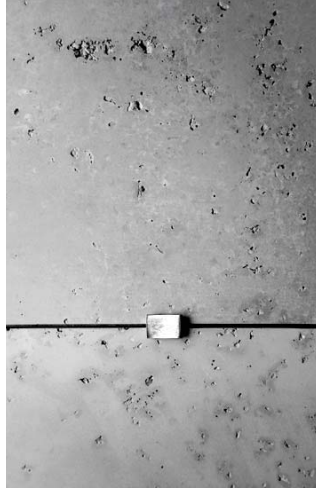
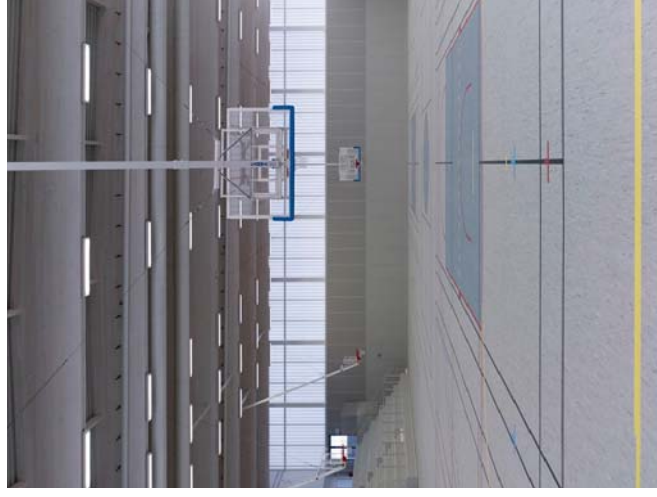
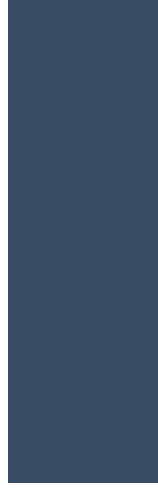
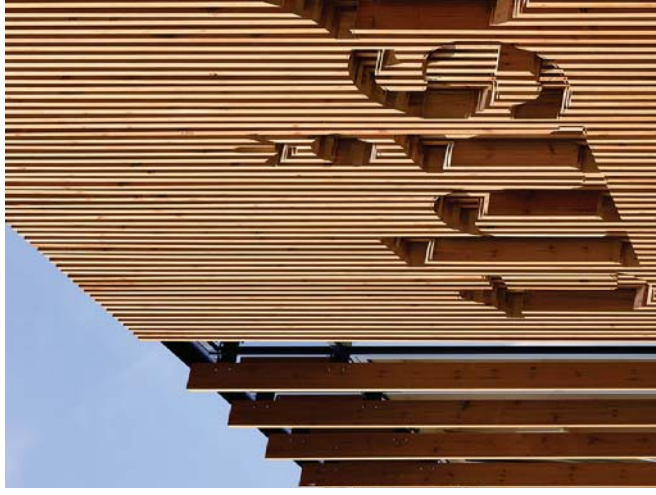
Colour & Material Strategy

Material Strategy



Colour & Material Strategy

Material Strategy



Carlisle City Council
Sands Leisure Centre - 27 November 2017



ID	Task Name	Duration	Start	Finish	Predecessors	2017					2018	
						Jan	Feb	Mar	Apr	May	Jun	Jul
1	Development of Procurement Strategy (EA/ MDDT)	1.4 wks	Wed 31/05/17	Fri 09/06/17								
5	Pre-Tender Planning (EA/ MDDT)	2.8 wks	Mon 12/06/17	Thu 29/06/17								
12	Tender Stage (EA & MDDT)	7.6 wks	Wed 28/06/17	Fri 18/08/17								
22	Contract Award (EA & MDDT)	4.8 wks	Mon 21/08/17	Fri 22/09/17								
28	Mobilisation (EA & MDDT)	2.4 wks	Mon 04/09/17	Wed 20/09/17								
33	RIBA Stage 0-2 -Scheme Design & Approvals	21.2 wks	Wed 20/09/17	Tue 06/03/18								
34	Prepare Scheme Design to RIBA Stage 2	6.6 wks	Wed 20/09/17	Fri 03/11/17	32							
35	Officer Review of Outline Design	2.2 wks	Mon 23/10/17	Mon 06/11/17								
36	Presentation of Initial Concept to CCC	0 wks	Tue 31/10/17	Tue 31/10/17								
37	Informal Briefing with Portfolio Holder	0 wks	Mon 06/11/17	Mon 06/11/17	36							
38	Submission of updated & revised Executive Report	0 wks	Thu 30/11/17	Thu 30/11/17								
39	Executive Members Briefing	0 wks	Tue 05/12/17	Tue 05/12/17	38							
40	Executive Members Meeting	0 wks	Mon 18/12/17	Mon 18/12/17	39							
41	Special Joint Scrutiny Panel	0 wks	Mon 29/01/18	Mon 29/01/18	40							
42	Scrutiny responses to be considered by Executive	0 wks	Mon 12/02/18	Mon 12/02/18	41							
43	Full Council decision on Stage 2 Design & Cost Plan	0 wks	Tue 06/03/18	Tue 06/03/18	42							
44	Approval of Stage 2 Design & Cost Plan	0 wks	Tue 06/03/18	Tue 06/03/18	43							
45	RIBA Stage 3 (1st Stage Tender for Preferred Contractor)	20.4 wks	Wed 07/03/18	Thu 26/07/18								
46	Prepare OJEU Notice & PQQ (Electronic PIN, Restricted)	2 wks	Wed 07/03/18	Tue 20/03/18	44FS+1 day							
47	Issue OJEU Notice & PQQ (Electronic PIN, Restricted)	0 wks	Tue 20/03/18	Tue 20/03/18	46							
48	OJEU Expression of Interest & PQQ Period	6 wks	Wed 21/03/18	Tue 01/05/18	47							
49	PQQ Evaluation	2 wks	Wed 02/05/18	Tue 15/05/18	48							
50	Prepare 1st Stage Tender Documents & Award Criteria	2 wks	Wed 21/03/18	Tue 03/04/18	47							
51	Council Approval of Tender Documents	5 days	Wed 04/04/18	Tue 10/04/18	50							
52	Shortlist Tenderers (Min 5)	3 days	Wed 16/05/18	Fri 18/05/18	49							

Client: Carlisle City Council
Project: Sands Leisure Centre
Date Issued: 27/11/17

Task
Split
Milestone

Summary
Project Summary
External Tasks

External Milestone
Inactive Task
Inactive Milestone

Inactive Summary
Manual Task
Duration only

Manual Summary Rollup
Manual Summary
Start only

Finish-only
Critical
Critical Split

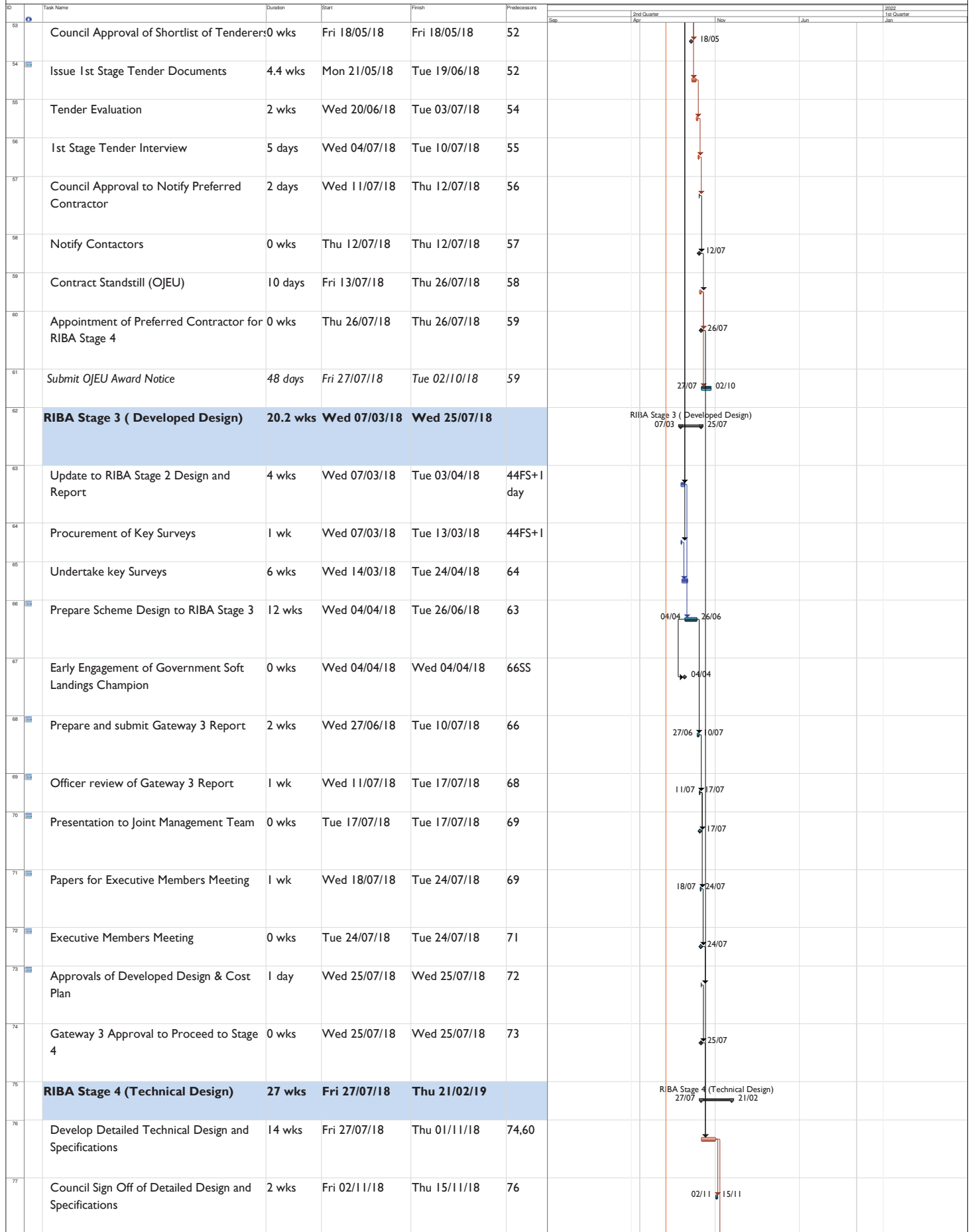
Progress
Deadline

File Path:

Pick Everard Confidential

PICK
EVERARD

Carlisle City Council
Sands Leisure Centre - 27 November 2017



Client: Carlisle City Council
 Project: Sands Leisure Centre
 Date Issued: 27/11/17

Task
 Split
 Milestone

Summary
 Project Summary
 External Tasks

External Milestone
 Inactive Task
 Inactive Milestone

Inactive Summary
 Manual Task
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Manual Summary Rollup
 Manual Summary
 Start-only

Finish-only
 Critical
 Critical Split

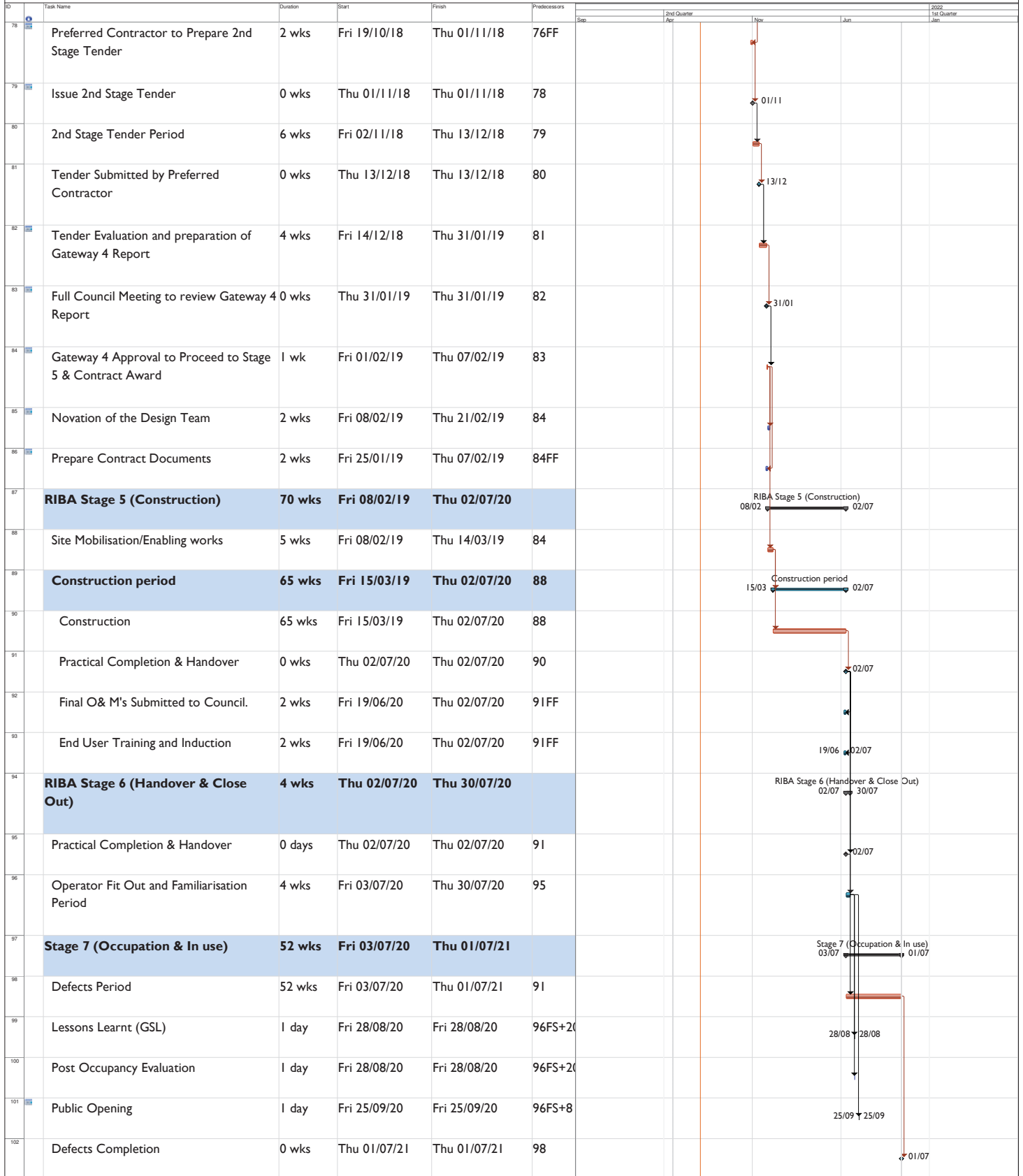
Progress
 Deadline

File Path:

Pick Everard Confidential



**Carlisle City Council
Sands Leisure Centre - 27 November 2017**



Risks and Opportunities Register

Project:		Sands Leisure Centre Redevelopment, Carlisle		Likelihood/ Impact Scoring			Status Notification			Strategic Notation			
Date of review:		21-Feb-18		1 or 2 3 4 or 5			CO L			Closed Out Live			
Version:		4											
Risk owner:				Risk Register Parameters									
CCC		Carlisle City Council		L = 00 - 07						AC Accept & Control			
PC		Principal Contractor		M = 08 - 17						R Reduce (Mitigate)			
PE		Pick Everard - Employer's Agent Team		H = 18 - 25						T Transfer			
MDDT		Multi-disciplinary Design Team								A Avoid			
Joint		Joint (Carlisle City Council / Principal Contractor)								Closed Risk addressed and closed			
										Updated Updated / new risk			
Activity ID		Risk Description		Consequence of Risk		Likelihood	Impact	Risk Rating	Owner of Risk	Current Action Owner	Status	Strategic Notation	Mitigation Action / Comment
Programme													
P1	Programme slippage	Damage to Council / Principal Contractor reputation	4	5	23	Joint	CCC	L	AC	At the commencement of a project, it is critical to establish an outline programme that is realistic and achievable but challenging. Pick Everard to track and monitor progress against this programme.			
P2	Completion up to RIBA Stage 2 by 03.11.17	Reduced period could create future project and operation challenges through the leisure centre's life cycle	3	4	18	CCC	MDDT	L	R	Clarification 1.49 and the programme included in the bid documentation identifies completion of RIBA Stage 2 by 03.11.17. RIBA Stage 2 is a critical design stage and will determine the future success of the project, its operation and maintenance of the leisure centre through its lifecycle.			
P3	Extended RIBA Stage 3 period to facilitate appointment of the Preferred Contractor through a two-stage procurement route	Prolongation of RIBA Stage 3 to facilitate two-stage tender process through OJEU to enable appointment of the Preferred Contractor prior to the commencement of RIBA Stage 4.	3	4	18	CCC	MDDT	L	R	Earlier commencement OJEU procurement of Principal Contractor after completion of RIBA Stage 2			
P4	Utility companies will not commit to a programme until a formal order is placed after contract award	Delay to project due to utility service companies	3	4	18	CCC	MDDT	L	AC	Utility services companies will not commit to any programme for service diversions / new utility services until formal orders are placed after contract award			
Cost													
C1	Project not affordable	The design exceeds budget requirements, leading to abortive design work, programme delay and or cancellation of the project.	4	5	23	CCC	PE	L	AC	Establish if initial budget is correct. Develop robust cost control aligned to design development and Gateway approval process			
C2	Consequential Improvements (Part L of the Building Regulations)	Project not affordable due to Building Regulations compliance	5	5	25	CCC	CCC	L	AC	Establish if Building Control are able to negotiate and or recent Part L compliance works have already been undertaken that can be taken into account. Disconnect new build and provide canopy cover to dual use reception with arts and events space.			
C3	Utility companies will not commit to programme until formal order placed	Project not affordable	4	4	20	CCC	MDDT	L	AC	Establish appropriate budget for utility services. Challenge will be that Utility services companies will not confirm their costs or programme until formal orders are placed.			
C4	Sport England funding	Sport England funding is not forthcoming after initial consultation leads to incorporation of additional features to meet their guidance / standards	3	4	18	CCC	MDDT	L	R	Council to provide regular updates on funding streams and regular meetings with Sport England as a key stakeholder			
C5	Project Inflation	Construction inflation due to increased activity in the construction sector, market conditions, lack of skilled labour, material shortages or cost change, currency pressures, Brexit, etc.	3	3	15	CCC	PE	L	R	Allow appropriate inflation in the cost plan.			

Risks and Opportunities Register

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Version:	4	3	M	L	Live		R	Reduce (Mitigate)		
		4 or 5	H				T	Transfer		
							A	Avoid		
							Closed	Risk addressed and closed		
						Updated	Updated / new risk			
Risk Register Parameters										
Risk owner:		L = 00 - 07								
CCC		M = 08 - 17								
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PE										
MDDT										
Joint										
Joint (Carlisle City Council / Principal Contractor)										
Activity ID	Risk Description	Consequence of Risk	Likelihood	Impact	Risk Rating	Owner of Risk	Current Action Owner	Status	Strategic Notation	Mitigation Action / Comment
C6	Phasing of the construction works to ensure that the retained events centre is operational.	Loss of income and /or membership through the closure of the existing centre whilst the new work is carried out. Phasing the works will add additional cost to the overall budget.	3	4	18	CCC	MDDT	L	R	Develop phasing plan that segregates continued operation of the events centre during the construction period.
C7	Late decision on whether to pursue LZCT funding in December 17 or not.	LZCT funding requires additional projects to fulfil the £835K LZCT funding requirement in order to attract £500k funding.	4	3	17	CCC	CCC	L	R	Early decision to pursue funding stream or not with additional projects identified.
Quality										
Q1	Desired quality for the Sands Leisure Centre not achieved	Damage to Council reputation	3	4	18	CCC	PE	L	R	Determine Critical Success Factors. Implement Design Life Strategy to ensure that the design meets required Council aspirations and is affordable
Procurement route										
PR1	Two stage procurement route identified for Preferred Contractor through OJEU	Prolonged RIBA Stage 3 period	3	4	18	CCC	PE	L	AC	Consultant team must be experienced in two-stage tender process and associated risks to avoid legal challenge
PR2	Two stage procurement route via OJEU to identify Preferred Contractor	Attracting quality Principal Contractors to tender through OJEU who have leisure centre and swimming pool experience	3	4	18	CCC	PE	L	AC	Consultant team must be experienced in two-stage tender process and associated risks to avoid legal challenge
Legals										
LE1	Establish title for site (ownership of site)	Delays to planning, agreeing easements, concluding restrictive covenants and utility service connections				CCC	CCC	L	AC	29.01.18: Following the Scrutiny Panel, the Council has back checked and verified that it owns the Sands Centre land and that the Title is registered accordingly with the Land Registry.
LE2	Establish any existing restrictive covenants / easements that effect the site	Delay in executing building contract	3	4	18	CCC	CCC	L	R	It is fundamental to establish any restrictive covenants or easements that will effect the development
LE3	Unable to agree contractual terms	Delay in executing building contract	2	4	16	Joint	Joint	L	R	Ensure collaborative environment pre-contract based on realistic programme to achieve budget cost that is tracked and approved at each Gateway during the design development process supported by a comprehensive set of Employer's Requirements
LE4	Phased S278, Stopping Up Orders, Way Leave Agreements and Temporary Road Closures	Delay to project if not agreed and in place ahead of the construction phase	3	4	18	PC	MDDT	L	T	Ensure all matters are being regularly monitored at meetings, with defined action owners
Planning										
P1	Unable to obtain planning consent	Abortive cost and Council reputational damage	1	5	17	CCC	MDDT	L	AC	Establish early meeting and maintain consultation with the planning department as a key stakeholder
P2	Pre-commencement planning conditions not discharged	Delay to start on site	2	4	16	Joint	PC	L	AC	Establish ongoing dialogue with the planning department, develop and monitor

Risks and Opportunities Register

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MDDT	Multi-disciplinary Design Team						Avoid				Risk addressed and closed			
Joint	Joint (Carlisle City Council / Principal Contractor)						Updated / new risk							
Activity ID	Risk Description	Consequence of Risk	Likelihood	Impact	Risk Rating	Owner of Risk	Current Action Owner	Status	Strategic Notation	Mitigation Action / Comment				
P3	Planning conditions not discharged prior to Practical Completion	Unable to accept Practical Completion	1	5	17	PC	MDDT	L	T	Establish a planning conditions tracker and prepare an evidence file to record planning condition discharge. Ownership to sit with Principal Contractor with exception of conditions for which the Council are responsible, such as the Travel Plan.				
Design														
D1	Design / Scope Creep	Additional cost to the Council / project not affordable	1	4	14	Joint	Joint	L	AC	Ensure that a clear and concise brief is established. Reference the design against the Brief and Critical Success Factors during Gateway reporting. Ensure that cost plan tracks the design development process in increasing detail and approval is obtained at each Gateway.				
D2	Extension and car park remodeling creates clashes with existing statutory services	Additional expenditure incurred diverting / lowering existing services.	4	4	20	Joint	MDDT	L	T	Obtain utility service maps, undertake slot trenches and required site investigations works during the design development process. Try to keep service diversions to a minimum. Seek revised utility service quotations				
D3	Ensure adoption of correct pool tank solution for the project	Quality standard not acceptable or chosen solution inappropriate due to site constraints that leads to increased cost and programme slippage	4	4	20	MDDT	MDDT	L	T	Ensure experienced design team appointed with leisure centre and swimming pool experience				
D4	Design control and circulation around the centre	Careful consideration needs to be given to the control and crowd flow circulation around the Sands centre, particularly if the events centre and leisure centre are in full use at the same time.	3	3	15	MDDT	MDDT	L	R	GT3 have a operational flow model programme which can be used to understand the crowd movement, congestion points and control point locations.				
D5	Fixtures and Fittings list produced late by Operator	Fixtures and Fittings can often form 10% of the overall budget. Late Fixtures and Fittings list produced by Operator which leads to impact on both cost and design (including programme)	3	3	15	CCC	CCC	L	R	Early engagement with Operator to establish FF+E schedule requirements.				
D6	Pre-Construction design	Insufficient time in the pre-construction programme to adequately develop the design leading to delays in the commencement and completion dates	3	3	15	MDDT	MDDT	L	R	The pre-construction process should include the early involvement of specialist design trades (e.g. MEP, pool plant, roofing) to allow early involvement in the design process and avoid the need to re-design works.				
D7	Orientation layout and design	The orientation and layout of the design results in operational issues, such as glare on the pool, solar gain to studios and gym, wind tunnel at entrance, etc. The above are common issues in many modern-day leisure centres and severely impact on the following: • Operation of the building. • Retention of members is a problem • Glare on the water surface creates a health and safety problem;	3	4	18	MDDT	MDDT	L	R	It is important that the design and positioning of key spaces internally are well considered. GT3 have worked with all major sport operators and understand what they need and where the key risks are to the functionality of the building. If these issues above are not resolved, considerable expense in retrofitting will be the most likely outcome.				

Risks and Opportunities Register

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D8	Existing basement area	The existing basement areas to the leisure centre have previously suffered from damp issues and the cost of repair and maintenance to these spaces could be excessive given the flood risk issues	3	4	18	CCC	MDDT	L	R	A building survey should be carried out during RIBA Stage 2 to fully understand the situation and mitigation requirements and therefore any cost impact
D9	The current parking operates on a pay and display basis. This leaves 48 dedicated leisure spaces outside of this. The extension will potentially impact on these parking numbers	The local and regional community do not make full use of the existing Sands Centre due to frustrations with car parking.	4	5	23	CCC	CCC	L	R	As part of the traffic management study, an appraisal should be made on the income from the parking and impact of the new building on existing spaces. Consider a barrier control system and the car parking charge strategy for events / leisure centre customers.
D10	The risks around the pool construction include designing around high water tables, tolerance along the width and length to ASA guidance, tolerance around moving floors (if the pool is out of line, the moving floor will stick), and construction method of the tank. Most centres overrun on programme due to complications with the pool tank (weather, casting methods and their accuracy, tiling to the tank and problems with the integration of the moving floor.	The design fails to achieve the Council's aspirations, leading to reputational damage and does not deliver the required level business for the Operator.	2	4	16	CCC	MDDT	L	R	Appointment of experience Design Team. Early discussion using the GT3 pool construction comparison document and lessons learnt from other projects to determine the best construction method for the pool tank.
Design Development										
DD1	Design does not achieve Council's brief or aspirations	Damage to Council / Principal Contractor reputation	3	3	15	Joint	MDDT	L	A	Ensure that the cost plan and design development process is progressed in tandem with increasing detail and approval is obtained at each Gateway.
DD2	Stakeholder consultation	Stakeholders are not fully consulted prior to submission of the planning application which will lead to negative press and late design changes after the application has been submitted. Furthermore, this leads to the local community feeling that the stakeholders were not consulted.	3	3	15	CCC	MDDT	L	A	Early stakeholder engagement plan to be drafted to ensure that all key stakeholders are consulted, highlighting the agenda, what the required outcomes are and that these relate back to the BREEAM credit requirements for consultation.
DD3	Conflict to achieve Stakeholder requirements	Conflict of requirements between numerous stakeholders leading to delay in design freeze and additional costs	3	3	15	CCC	MDDT	L	A	Early Stakeholder engagement using Operator experience to prioritise and balance wish list of requirements.
DD4	Late stakeholder engagement	Late changes from the stakeholders leads to abortive design, cost and programme issues.	3	4	18	CCC	MDDT	L	A	It is crucial that early engagement with operators, planners, building control, legal team, key client project stakeholders and the sports clubs happens. The implications of getting the wrong brief or not consulting correctly, will be late changes to the design which impacts the entire team.

Risks and Opportunities Register

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DD5	Change control	Changes in the scope of the project have cost, programme and quality impacts	3	3	15	CCC	PE	L	R	Introduce a robust change control process to ensure that changes are identified, assessed and recorded.			
Environmental Including Legislation													
EIL1	Noise and dust control	Negative Press and Media relating to the project due to objections from the construction activities that impact on the local neighbourhood such as dust, noise, etc.	2	3	13	PC	PC	L	R	A detailed Construction Method Statement will need to be provided that identifies measures to control dust and noise.			
EIL2	Ecology	Impact on existing ecology in surrounding banks to the river (such as impact through light spillage fro new centre and change in air quality)	2	2	10	MDDT	MDDT	L	R	Commission ecology report immediately after Full Council decision in January 18. Liaise with British Waterways as soon as possible.			
BREEAM													
B1	BREEAM is not currently part of the Brief, but the LZCT (Low Zero Carbon Technologies) Funding requires BREEAM Very Good as a minimum, preferably Excellent. BREEAM Excellent can add up to 10% to the construction cost.	Failure to achieve required BREEAM rating to attract LZCT funding	2	4	16	CCC	MDDT	L	AC	Appointment of consultant to drive BREEAM assessment and collate evidence for targeted credits. This will be a condition for the Principal Contractor to achieve for Practical Completion if required			
Health & Safety/ Access & Strategy													
H&S1	Failure to comply with the CDM Regulations 2015	Non-compliance and fines. Damage to Council / Principal Contractor reputation	1	5	17	Joint	Joint	L	AC	Appoint CDM Adviser to ensure Council informed of their duties under CDM Regulations 2015. Agree who will act as Principal Designer. Monitor and evidence the Council, designers ensuring compliance by Principal Designer and Principal Contractor			
H&S2	Segregation of potential large number of customers and staff using the retained events centre if construction works are phased.	High number of people and traffic movements in close proximity of construction activities being on the edge of the pay and display car park and events space.	4	3	17	CCC	MDDT	L	AC	Robust traffic management plan and H&S plan required ensuring minimum impact as part of the planning application			

Risks and Opportunities Register

Project:	Sands Leisure Centre Redevelopment, Carlisle		Likelihood/ Impact Scoring		Status Notification		Strategic Notation					
Date of review:	21-Feb-18		1 or 2	L	CO	Closed Out	The risk rating is calculated by 2 x likelihood + 3 x impact					
Version:	4		3	M	L	Live						
			4 or 5	H								
Risk owner:		Carlisle City Council		Risk Register Parameters								
CCC	Principal Contractor		L = 00 - 07									
PC	Pick Everard - Employer's Agent Team		M = 08 - 17									
PE	Multi-disciplinary Design Team		H = 18 - 25									
MDDT	Joint (Carlisle City Council / Principal Contractor)											
Joint												
Activity ID	Risk Description		Consequence of Risk		Likelihood	Impact	Risk Rating	Owner of Risk	Current Action Owner	Status	Strategic Notation	Mitigation Action / Comment
Flood Zone												
FZ1	Construction of new extension on Flood Zone Level 3		The site has previously flooded and consequently there is a flood risk to the new extension with potential for additional costs to comply with Environment Agency (EA) requirements. Options could include: 1) Acceptance that the new extension / retained events centre and site could flood again and include for flood resilient materials in the design; 2) Include for raising key areas of the new extension such as the pool hall and pool tanks, filtration plant room, incoming services, boilers, plant, etc.; and 3) Improvements to existing flood defence measures such as the disabled ramp and or local defence barriers installed to external doors. Detailed consultation has not yet been held with the EA who could ask that further parts of the new extension are also raised to a flood event level, whilst Buro Happold initially believe this is unlikely because of creating further problems downstream.		5	5	25	CCC	MDDT	L	T	Consult with the Environment Agency at the earliest opportunity. Ensure that flood risk specialist undertakes an assessment of the flood risk designation with consideration to existing / potential Environment Agency improvement / flood defence works. Design and incorporate flood risk prevention measures into the new extension.
Location												
L1	Disruption to existing events centre		Damage to Council / Principal Contractor reputation.		3	3	15	PC	PC	L	AC	Council to consider in their Comms Plan. Contractor to implement work in controlled phases, communicate and update the centre. Segregate works and control noise, dust and deliveries. Ensure emergency contact details for Principal Contractor are distributed.
L2	Disruption to existing car park / insufficient car park space		Insufficient car park space that negatively impacts on the new leisure centre		4	4	20	PC	PC	L	AC	Ensure sufficient car parking to meet planning requirements given existing designation for leisure centre.
Construction												
C1	Hazards in construction		Accident on site or to member of the public		1	2	8	PC	PC	L	AC	Principal Contractor Safety Officer to visit site for high risk elements and submits reports. Safety report attached to monthly Contractors progress report.
C2	Car parking numbers will be affected during the construction phase		Not able to create required alternative car parking to offset the lost car parking		2	4	16	CCC	CCC	L	AC	Establish off site parking for contractor but enable deliveries.
C3	Post contract design changes to be minimised during the construction phase		Additional cost / delays to project.		2	3	13	CCC	CCC	L	AC	Ensure comprehensive Employer's Requirements in place and that a clear change control procedure is in place to manage the impact.

Risks and Opportunities Register

Project:		Sands Leisure Centre Redevelopment, Carlisle			Likelihood/ Impact Scoring			Status Notification			Strategic Notation				
Date of review:		21-Feb-18			1 or 2 3 4 or 5			CO L			The risk rating is calculated by 2 x likelihood + 3 x impact				
Version:		4			H			Closed Out Live							
Risk owner:					Risk Register Parameters			Accept & Control							
CCC		Carlisle City Council			L = 00 - 07			Reduce (Mitigate)							
PC		Principal Contractor			M = 08 - 17			Transfer							
PE		Pick Everard - Employer's Agent Team			H = 18 - 25			Avoid							
MDDT		Multi-disciplinary Design Team						Closed							
Joint		Joint (Carlisle City Council / Principal Contractor)						Risk addressed and closed							
								Updated / new risk							
Activity ID		Risk Description			Consequence of Risk			Likelihood	Impact	Risk Rating	Owner of Risk	Current Action Owner	Status	Strategic Notation	Mitigation Action / Comment
Site Investigation & Remedial Works															
S11	Extensive utility services encountered below the new extension			All incoming services come across Eden Bridge next to the site. The services then come through the car park where the proposed footprint is extended. The extent and location of the services and the cost associated with diverting them may impact the layout and footprint of the new extension. Programme delay and significant additional cost for service diversions / new utility costs			4	4	20	CCC	MDDT	L	T	Early CCTV surveys of the below ground services and incoming feeds will be crucial to mitigate this risk. This needs to be undertaken at the earliest opportunity following the Full Council's decision whether to proceed with the project or not. Undertake early utility searchers and appropriate site investigation works and reporting, linked to the design development process and tracked by the cost plan	
S12	Unknown below ground structures			Programme delay and significant additional cost			2	4	16	CCC	MDDT	L	T	Site Investigation Report commissioned by Chorley Council. EWC has reviewed and accepted the investigation findings. Eric Wright Construction has also undertaken further site investigation works from which will be included in their Stage 4 submission and Contractors Proposals.	
S13	Existing site conditions result in more onerous design			Programme delay and significant additional cost			2	5	19	CCC	MDDT	L	T	Undertake early searchers and try to obtain historic information that could inform the stage 2 design, programme and cost on the site conditions. Undertake site investigation works at the earliest opportunity to inform the detailed design.	
Utilities															
U1	Extensive utility services encountered below the new extension			Additional diversions required. Programme delay and significant additional cost			4	5	23	PC	PC	L	T	Undertake slot trenches to verify the position of underground services and undertake thorough site investigation works	
U2	Accuracy of utility drawings & information			Additional diversions required. Programme delay and significant additional cost			3	3	15	PC	PC	L	T	Undertake slot trenches to verify the position of underground services and verify through site investigation works	
Third Party Agreements															
TP1	Breach of third party agreements			Agreements not forthcoming			3	3	15	CCC	CCC	L	AC	Ensure that Third party agreements back to back with Employer's requirements	
TP2	Construction works negatively impact on existing events facility			Customers put off using arts and events centre. Project negatively impacts on the existing Sands Centre			4	4	20	PC	Joint	L	AC	Ensure stakeholder engagement with Arts Council and consider events programme. Build requirements / programme into Employer's Requirements	
Through Life															
TL1	The impact of Brexit negotiations on the general economy will affect income / success of The Sands Leisure Centre			Loss of Council income to offset expenditure			3	3	15	CCC	CCC	CO	AC	Ensure sports and leisure specialist on business case to define Outline Brief	

Sands Leisure Centre Option 2

RIBA Stage 2 Summary of Anticipated Costs

1.0 Anticipated Costs

- 1.1 Pick Everard has provided an indicative headline construction cost for Option 2, as set out below. This has been provided using the design brief produced by GT3 Architects and other information produced by the professional design team. Reference to Sport England design guidance and cost data plus our own internal benchmark information provided by the design team consultants and principal check quantities has informed the anticipated costs.

2.0 Option 2 Cost Summary

Accommodation		
2.1	Ref Internal Floor Areas	GIFA/m2
	a) Sands Centre Proposed Area	5900
	b) NHS Physiotherapy Unit Facility	265
	Total GIFA/m2	6165
Anticipated Cost		
2.2	Ref Facility	£
	1 25m x 17m 8 lane pool, 20 x 8m learner pool and sports hall, health and fitness and ancillary accommodation	12,476,294
	2 NHS Physiotherapy Unit Facility	625,000
	3 Additional allowance for Consequential improvements to existing Sands Centre to meet with current Building Regulations	1,310,129
	4 Refurbishment of existing Sands Centre	290,000
	5 Retractable seating to Retained Events Centre	360,000
	6 Demolition and temporary works to existing Sands Centre	210,000
	7 External works to site to include car parking and landscaping	250,000
	8 Incoming stats connections/diversions	350,000
	9 Flood resilience measures to facility (included in new build)	50,000
	10 Additional allowance for highways costs	none included
	11 Additional allowance for groundworks abnormals	500,000
	12 Allowance for attenuation/headwall	80,000
	13 Allowance for tree protection/replacement	20,000
	Sub total	16,521,423
	14 Professional Fees	1,293,200
	15 Contingency @10%	1,652,142
	Anticipated Total High Level Budget Costs (excluding VAT)	19,466,765

3.0 Base Notes, Assumptions and Exclusions

3.1 Items of Note

- 3.1.1 All figures have been rounded to avoid the impression of a greater level of accuracy than is realistically possible at this stage.
- 3.1.2 Base date for calculation of cost is 3Q2017.
- 3.1.3 An allowance for 'Moveable' floors to the learner pool is now included within the anticipated costs (previously excluded from the Abacus Summary report dated February 2017)
- 3.1.4 NHS Physiotherapy Suite anticipated cost is based upon an estimated space requirement of 265m². This has informed the figures, but the exact requirement for this facility is still to be confirmed by the NHS.
- 3.1.5 Additional allowance for Consequential Improvements to the existing Sands Centre is required to meet with current Building Regulations. For compliance purposes Carlisle City Council will need to budget up to 10% (maximum) of the cost of the new building works (considered an extension), at this stage. This would include the replacement of such items as boiler plant etc.; which is understood to be in need of replacement. This is a significant sum and further investigation is required to prove these allowances or de-risk as required.
- 3.1.6 Refurbishment of the existing Sands Centre is based on the estimated works required to be carried out that do not fall, by definition, into the Consequential Improvements cost as defined by the Building Regulations (e.g. redecoration). Such items have been identified within the report prepared by White Young Green, dated March 2017, for Carlisle City Council.
- 3.1.7 Demolition and temporary works to the existing facility includes an allowance for phasing and logistics associated with maintaining operation of the existing facility.
- 3.1.8 External works to site to include car parking and landscaping based on a 'GT3 Option I Do Minimum' scheme.
- 3.1.9 Allowances for Incoming stats connections/diversions has been re-assessed and is based upon the current information produced by the MDDT team.
- 3.1.10 £360,000 (item 5) added at request of Carlisle City Council from GLL figures for retractable seating to the Retained Events Centre.

3.2 Assumptions

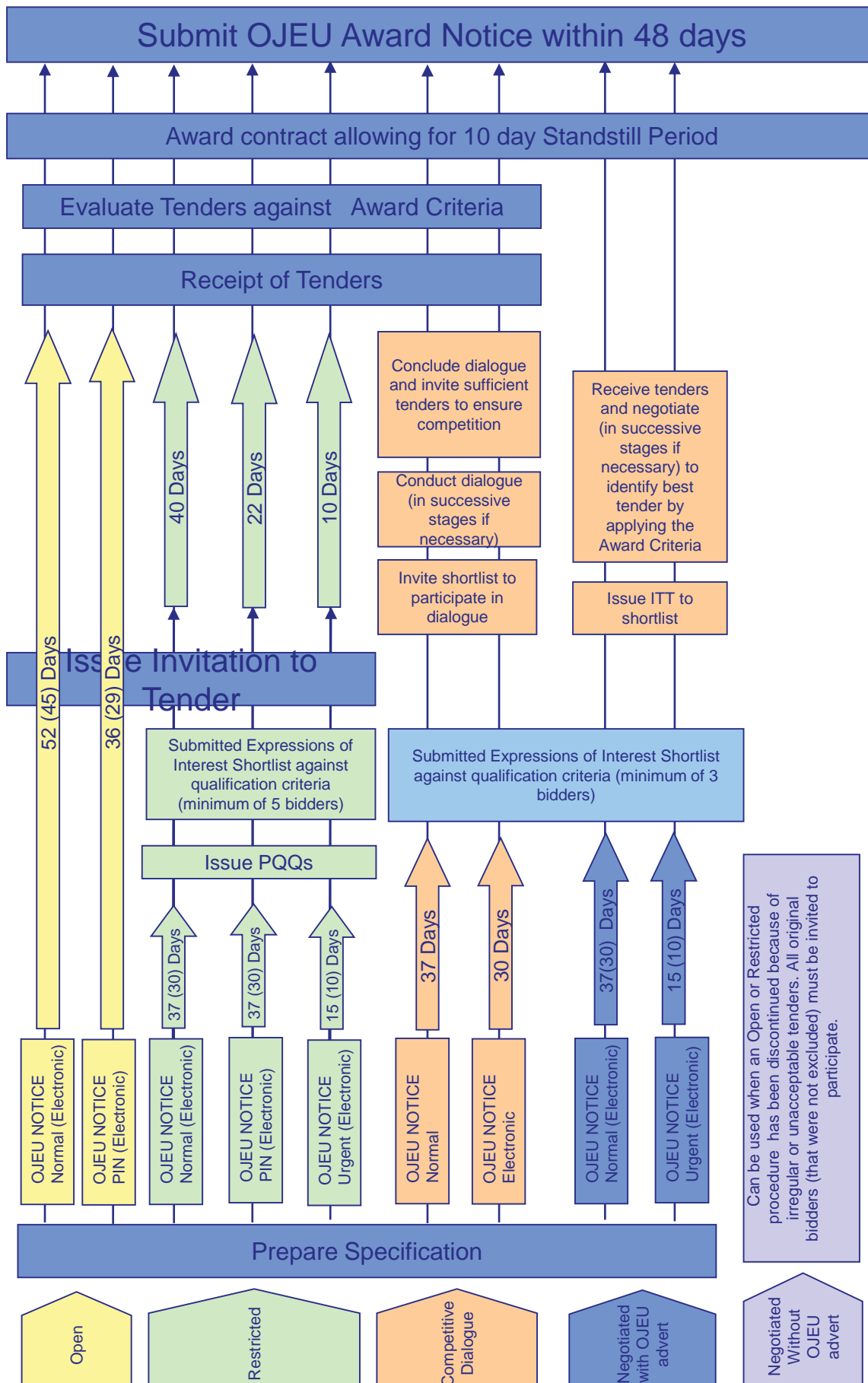
- 3.2.1 Pick Everard have costed a number of site specific or abnormal items using the information provided by the MDDT team. This has informed the figures including allowances for groundwork abnormals. This is a significant sum and further investigation is required to prove these allowances or de-risk as required.
- 3.2.2 BREEAM Very Good Rating is not required as part of the CURRENT project brief; the additional cost required to meet with these ratings is estimated to be an additional sum of £35,000.00
- 3.2.3 BREEAM Excellent Rating/LCZT is not required as part of the project brief; the cost required to meet with the change in rating from 'Very Good' to 'Excellent' ratings is estimated to be an additional sum of £725,000.00, over and above that sated for BREEAM 'Very Good'
- 3.2.4 Fixtures for the assembly of Gymnastic equipment to be installed to walls, floors and ceiling areas will be provided by GLL.

3.3 Exclusions

- 3.3.1 Planning application fees
- 3.3.2 BREEAM requirements
- 3.3.3 Temporary Sands Centre/Staffing accommodation requirements
- 3.3.4 Fixed Furniture and Equipment required by GLL is excluded from these costs (e.g. Fitness suite equipment, Gymnastic equipment, Sports Equipment such as Badminton posts and netting, trampolines, floor mats' etc.)
- 3.3.5 Booms to the main swimming pool.
- 3.3.6 Fixed Furniture and Equipment required by the NHS for the Physiotherapy Unit are excluded from these costs
- 3.3.7 Additional allowance for highways costs
- 3.3.8 Additional allowance for any upgrade to the existing car parking arrangements.

OJEU Process Chart

Click the first arrow of each procedure to link to a more detailed flowchart



EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 18 DECEMBER 2017

EX.132/17 SANDS CENTRE REDEVELOPMENT
(Key Decision – KD.33/17)

Portfolio Finance, Governance and Resources; Culture, Heritage and Leisure

Relevant Scrutiny Panel Health and Wellbeing; Business and Transformation

Subject Matter

The Culture, Heritage and Leisure Portfolio Holder submitted report CS.31/17 considering proposals to redevelop the Sands Centre.

The report set out the background position. In February 2017, Abacus Cost Management (Abacus) had produced a high level feasibility exercise to consider two main development options:

Option 1: would relocate swimming provision only to the Sands Centre at an estimated cost of £7.4m.

Option 2: would deliver the full extent of the Council's Sports Facilities Strategy on the Sands Centre site. Abacus estimated Option 2 at £14.2m (excluding VAT) for a scheme delivering all elements of the Council's Sports Facilities Strategy. Sport England had previously advised that this option provided a greater opportunity of securing their investment as the facility would better meet demand requirements.

Following extensive review of the Council's Sports Facilities Strategy in conjunction with the notion that Sport England was unlikely to support Option 1 the Executive had, on 8 May 2017, decided to discount Option 1 and to proceed with Option 2 for the progression of an RIBA Stage 2 – Concept Design for the Sands Centre Redevelopment including both the wet and dry provisions.

The Portfolio Holder stated that, as Members were aware, the Sands Centre was a high profile project which was generating interest locally and sub-regionally. She emphasised that the facility must achieve the aspirations outlined in the Council's Sports Facilities Strategy from a strategic, operational and financial perspective with the aim of improving the fitness offer to the local and sub-regional community. The proposed redevelopment also linked with the Executive's wider priorities in terms of economic growth.

The Portfolio Holder then gave an overview of the proposed development options and approach for the Sands Centre redevelopment (as outlined in the Council's Sports Facilities Strategy). She further referenced the anticipated capital costs; the developed programme and risk register; and the initial considerations with regard to alternative procurement options for the Principal Contractor.

Members were advised that the report was to be read in conjunction with the accompanying Appendices.

The Culture, Heritage and Leisure Portfolio Holder concluded her presentation by formally moving the recommendations set out in Report CS.31/17, which were formally seconded by the Deputy Leader, and Finance, Governance and Resources Portfolio Holder.

In addition, the Deputy Leader, and Finance, Governance and Resources Portfolio Holder echoed the views expressed by the Portfolio Holder in terms of what was a complicated but exciting project. Clearly the funding options / financing element would be key and he looked forward to the matter progressing through the democratic process.

Summary of options rejected None

DECISION

That the Executive:

1. Had given consideration to Report CS.31/17 and the accompanying appendices.
2. Referred the item to the Health and Wellbeing and Business and Transformation Scrutiny Panels, at their joint meeting on 29 January 2018.
3. Sought the Scrutiny Panels' views on the redevelopment proposals and the funding and procurement options laid out.
4. Would take those proposals into account when proposing the Executive Budget to Council.

Reasons for Decision

The redevelopment of the Sands Centre complex would deliver the key aspirations of Carlisle City Council's Sports Facilities Strategy, deliver the reductions in leisure contract subsidy enshrined in the new Leisure Contract, and replace / renovate existing facilities as, or more efficiently, than fulfilling the anticipated repair liabilities at the Pools and Sands Centre sites

**JOINT MEETING OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL
AND THE HEALTH AND WELLBEING SCRUTINY PANEL**

MONDAY 29 JANUARY 2018 AT 10.00AM

PRESENT: Councillor Mrs Riddle (Chairman), Councillors Allison, Birks, Bloxham (as substitute for Councillor Layden), Mrs Bowman, Burns, Ellis, Mrs Glendinning (until 1:21pm), Mallinson E, Mallinson J, McDonald, McNulty, Paton (until 1:23pm), S Sidgwick, Shepherd (as substitute for Councillor Robson) and Watson.

ALSO PRESENT: Councillor Quilter – Culture, Leisure and Heritage Portfolio Holder
Councillor Bradley – Economy, Enterprise and Housing Portfolio Holder
Mr Paul Denson – Pick Everard
Mr Mark Dando – Pick Everard
Simon Dunstan – GT3 Architects
Paul Reed – GT3 Architects
John Finlayson – Buro Happold
Duncan Ker-Reid – Buro Happold
Tom Rice – Greenwich Leisure Limited
Councillor Bainbridge – (Observer)
Councillor Finlayson – (Observer)

OFFICERS: Deputy Chief Executive
Deputy Chief Finance Officer
Contracts and Community Services Manager
Policy and Communications Manager

SJSP.01/18 APPOINTMENT OF CHAIRMAN

RESOLVED - That Councillor Mrs Riddle be appointed Chairman for the meeting.

SJSP.02/18 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Layden and Councillor Robson.

SJSP.03/18 DECLARATIONS OF INTEREST

There were no declarations of interest affecting the business to be transacted at the meeting.

SJSP.04/18 PUBLIC AND PRESS

RESOLVED - It was agreed that the items of business in Part A be dealt with in public and Part B be dealt with in private.

SJSP.05/18 SANDS CENTRE REDEVELOPMENT

The Chairman welcomed Messrs Denson, Dando, Dunstan, Reed, Finlayson, Ker-Reid, and Rice to the meeting.

The Chairman advised that as the Special Meeting comprised two Panels, in order to retain sovereignty over the scrutiny of those aspects of the Sands Centre Re-development project

relevant to the remits of the individual Panel, each Chairman would put forward recommendations on behalf of their respective Panel.

OVERVIEW OF THE PROPOSED DEVELOPMENT

The Contracts and Community Services Manager presented report CS.10/18 Sands Centre Redevelopment, and he outlined the history of plans to redevelop the Sands Centre, noting that the aging of The Pools facilities on James Street had been a significant factor in the Council retaining the ambition to provide new sporting facilities in the city. In 2013 the Council had adopted the Sports Facilities Strategy 2013 – 2025 which had been based on an indoor and outdoor facilities needs assessment and set out the authority's vision for sports facility development in the district. The Strategy recommended that a replacement swimming pool, additional sports hall and improved health and fitness facilities be developed at the Sands Centre to maximise the benefits of the site's strategic location, and the generation of operational efficiencies and cross subsidisation as a result of the co-location of sports and cultural facilities in one venue.

Following the adoption of the Strategy, the Council had continued to explore redevelopment options in tandem with its re-tendering of the Leisure Contract. The Contracts and Community Services Manager provided an overview of the re-tendering process and noted the importance of the new contract in enabling the Council to fund a proportion of the Sands Centre redevelopment. The new Leisure Contract had been approved by the Executive in November 2017 and made provision for an annual subsidy to Greenwich Leisure Limited (Principal Leisure Operator) to operate the Council's Leisure Facilities in their current format. Following the completion of the Sands Centre Redevelopment the Council would receive payment from Greenwich Leisure Limited that, over the life of the contract would result in a significant net payment to the Council.

In the summer of 2017, the Council had commissioned a design team to work up a Royal Institute of British Architect's (RIBA) Stage 2 Outline Design for the Sands Centre, incorporating full cost estimate and anticipated programme of works. Pick Everard and GT3 had been selected by means of competitive tender to realise the project management and design roles.

In response to questions from Members the Contracts and Community Services Manager advised:

- An outline Business Plan for the Sands Centre Redevelopment had been considered by the Executive in May 2017 when the Leisure Contract Re-tender exercise had been ongoing. The Plan concluded that relocating the swimming pools only would cost the operator, and ultimately the Council circa £400,000 more than building a full sports and leisure facilities mix on one site. Consequently, the new Leisure Contract incorporated the delivery of a full facilities provision on a single site thereby providing contractual certainty for both the Council and Greenwich Leisure Limited as Principal Leisure Operator. The Contracts and Community Services Manager further noted that the work undertaken on plans for the redevelopment of the Sands Centre, as detailed in the report, were provided to assist Members in understanding the project and aiding the Council's consideration as to whether to proceed with the scheme.
- Responding to concerns raised by a number of Members regarding the possibility of future flooding of the Sands Centre facility, the Contracts and Community Services Manager explained that in 2005 the facility had not flooded and in 2015 only minor damage had occurred at the site. He acknowledged the new facility would comprise a greater amount of equipment and systems, but noted that mitigation measures would be incorporated into the design with a view to decreasing the likelihood of a flood event occurring at the site.

- The identification of the ownership of the land in the Risk Register contained within the report was a standard matter raised in project management procedures for schemes of this nature. The Contracts and Community Services Manager undertook to provide written confirmation to Members that the Sands Centre site was owned by the Council.

THE SANDS LEISURE CENTRE STAGE 2 REPORT PRESENTATION

Mr Dunstan and Mr Reed (GT3 Architects) delivered a presentation to the Panel covering: the RIBA plan process and stages; site analysis including location, movement framework, micro-climate, area character, existing structures at the site, conservation and Listed Structure in the area, zoning and routing, site constraints and opportunities, local colour palette of urban and rural landmarks; the history of the site; the design brief and concept design including the relationship between sport and events space within the proposed new facility, and proposed floor and section plans.

Mr Dunstan explained that as architects of the design stage, GT3 had sought to create a scheme with a broad range of facilities to meet the needs of the communities in the district. The proposed scheme was a unique mixture of sporting and cultural facilities closely located to the urban centre. In terms of addressing flood mitigation measures, he noted that the Buro Happold Engineers had been considering those matters in their work on the scheme.

The following observations and comments were raised in discussion:

- Would the number of car parking spaces provided at the site be reduced?

Mr Reed advised that a number of car parking spaces would be removed from the site to accommodate the new, extended building, although a full transport study would be required to ascertain the exact number of spaces.

Concerns were expressed by a number of Members that the site was not directly accessible by public transport and that residents from the rural areas and the suburban edge of the city necessarily needed to use motor vehicles to access the site and that reducing the number of car parking spaces would negatively impact them. It was noted that the new facility was likely to increase footfall to the site and assurance was sought that the level of car parking provision would be sufficient to meet demand.

The Deputy Chief Executive noted that there were a number of other Council owned and operated car parks in the vicinity of the site and consideration would be given as to how these may be utilised by users of the new Centre, as the project progressed, were Council to approve it.

Mr Dunstan stated that a Travel Plan for the scheme would consider the matter of public transport to the site which was currently difficult for buses to access. Furthermore, it was intended that the design of the car park would be altered to make it more pedestrian and cyclist friendly, giving greater priority to those users than was afforded in the current layout.

A Member asked whether consideration would be given to removing the provision of permitted parking for Council staff at the Swifts Bank car park in order to provide more spaces for Sands Centre users.

The Deputy Chief Executive responded that such matters would be addressed in the next stages of the scheme, were it to secure Council approval. He noted that it was likely that the peak demand times for Sands Centre users would be evening and weekends, when the Swifts Bank car park was not used by Council staff. He was confident that the Council was able to make sufficient car parking provision for those using the Sands Centre.

- Would the multi-purpose use of the concert hall for both cultural events as well as sports be retained in the new facility?

The Contracts and Community Services Manager advised that the multi-purpose nature of the concert hall would be retained so that there was overall flexibility of use within the spaces at the site. The concert hall's primary function would be the delivery of cultural events as it was anticipated that sports provision would be adequately provided for within the remainder of the scheme.

- Had archaeological investigations been carried out at the site?

Mr Dunstan noted that the Sands Centre site had previously been developed during the construction of the existing building. The project had not advanced to the stage where the Validation requirements of the Local Planning Authority had been identified, however, given the location of the site and the knowledge that archaeological artefacts had been discovered in the development of another site in the immediate area of the Sands Centre, those involved with the project would keep a watching brief on the issue going forward.

The Member further commented that she would have like to have seen the disability, equality and environmental impact assessments for the scheme, however, she recognised that the project was in the early stages of development.

Responding to a further question from a Member, Mr Dunstan advised that the void in the first floor over the sports hall area was necessary due to the hall requiring a double height ceiling space.

- A Member requested further detail on the inclusion of a space for National Health Service (NHS) use in the proposed scheme.

The Deputy Chief Executive advised that Officers had been in dialogue with the hospital regarding the provision of a space from which NHS services such as physiotherapy could be delivered. Officers felt that the inclusion of such provision within the scheme was helpful in alleviating pressures on services and the hospital and beneficial in providing health and wellbeing services to Sands Centre users. He advised that no formal decision had been taken and that discussions with the NHS on the matter were ongoing.

The Member responded that should the hospital wish to utilise space within the new centre to deliver services, the Council needed to secure a Letter of Intent from the NHS at the earliest opportunity in order that the relevant design specifications were able to be included in the scheme.

- Would the redeveloped site be accessible to mobility scooter users?

Mr Reed explained that site accessibility was a key consideration in the design phase of the project and it was planned that the whole facility would have level access to enable wheelchair and mobility scooter users to enter and use the site.

- Had the Council in commissioning the design brief requested that proposals for other sites in the city be developed?

Mr Dunstan responded that the Council had only indicated the existing Sands Centre site for the new facility. In developing the brief designers had sought to create a facility that would meet the needs of all users.

- Had the Greenwich Leisure Limited been involved in the design stage of the proposed scheme?

The Contracts and Community Services Manager confirmed that Greenwich Leisure Limited, following its appointment as the Council's Principal Leisure Contractor had been closely involved in the design stage.

- What opportunity would the Council's Scrutiny Panels have to contribute to the project going forward?

The Deputy Chief Executive outlined the next steps for the project in the Council's democratic decision making process. He drew Members' attention to the RIBA Design Plan stages detailed in the presentation and suggested that Members may wish to receive further reports at the end of each stage.

The Chairman invited the Chairman of the Health and Wellbeing Scrutiny Panel to summarise the points and recommendations made by the Members of that Panel.

The Chairman of the Health and Wellbeing Scrutiny Panel noted that Members had overall expressed support for the scheme, with their central concerns relating to car parking, disability access, the presence of archaeological artefacts at the site, and the securing of a Letter of Intent from the NHS to occupy a suite within the Centre.

The Chairman (in her capacity as Chairman of the Business and Transformation Scrutiny Panel) noted that Members had considered the development of a full Transport Strategy and Travel Plan for the site to be exceedingly important, and that any agreement with the hospital regarding the provision of NHS services at the redeveloped Centre needed to be concluded at the earliest opportunity.

EMPLOYER'S AGENT PRESENTATION

Mr Denson and Mr Dando (Pick Everard) delivered a presentation covering the following: the Employer's Agent Team members, roles and Leads; the principles of the RIBA Plan of Work; cost estimates for the project; summary of the programme; key project risks including Consequential Improvement costs, flood zoning, programme slippage and project affordability; the procurement process for the Principal Contractor; the benefits and risks associated with both the Official Journal of the European Union (OJEU) tender process and alternative OJEU compliant National Frameworks procurement models.

Mr Denson stated that publicly funded projects costing in excess of £4.2M had to use the OJEU process to ensure an open tender for the Principal Contractor, were Council to approve the scheme in March 2018, the project would move into Stage 3 of the RIBA Plan of Works. Stage 4 would formally invite contractors to tender for the Principal Contractor role, and those who chose to bid would need experience of swimming pool construction as such works required particular expertise to carry out. He noted most firms which secured Principal Contractor appointments did so through a National Frameworks method and that would provide the Council with confidence in the construction of the centre through the use of an experienced contractor.

The RIBA Plan of Works afforded a four week time period from the deadline for the receipt of tenders to be considered prior to the Council selecting its preferred Principal Contractor. Mr Denson noted that it would be advantageous to the delivery of the project for the Principal Contractor to be selected as early in the process as possible in order that they may begin to undertake ground work investigations with a view to mitigating against delays in the project programme as a result of, for example, finding archaeological artefacts.

At the current stage of the project it was expected that the redeveloped Sands Centre would open to the public in the summer of 2020, following which the Principal Contractor had a 1 year liability for defective works, and an 11 year period of liability for latent defects. Any defects identified in those periods would be addressed by the Principal Contractor at their cost. In conclusion, Mr Denson recommended that the Council give approval to Pick Everard to explore a National Frameworks approach to the procurement of the Principal Contractor, rather than the OJEU method.

In discussion the following observations and comments were made:

- A Member understood that the OJEU process for appointing a Principal Contractor may take a year to complete, she expressed concern that such a time frame had not been factored into the Plan of Works, and that were the OJEU method to be used, the process may lead to the project falling behind time.

In response Mr Denson acknowledged that the OJEU method was a risk to the project meeting its delivery timetable, he reiterated that the National Frameworks outlined in his presentation were OJEU compliant and he hoped that the Principal Contractor may be selected in tandem with the detailed design phase of the project through a Pre-Construction Services Agreement.

- What was the range of the financial value of projects covered by the Frameworks referred to in the presentation?

Mr Denson advised that the total value of the project was £19,466,765 excluding £655,000 allowed by the Council and Greenwich Leisure Limited for temporary facilities and VAT. The North West Construction Hub Framework covered projects costing up to £10M, and the Scape Group National Construction Frameworks comprised contractors delivering projects of the following ranges: £2M - £20M and £10M - £50M

A Member sought assurance that the Principal Contractor would appoint sub-contractors using the locally approved CHEST Framework.

Mr Denson explained that an OJEU compliant contractor was required to demonstrate a specified percentage of expenditure locally relating to the use of sub-contractors, and that Pick Everard as Employer's Agent would explore the matter with the Principal Contractor, however, the CHEST Framework may not be the method by which the sub-contractors were appointed.

The Member responded that she wished for any sub-contractors used in the construction of the scheme to be compliant with the CHEST Framework, and that apprentice training be provided by those companies.

Mr Denson stated that the Principal Contractor would be keen to only use reliable contractors as they would be financially liable for all works carried out at the site.

The Contracts and Community Services Manager explained that it was important for Members to clearly distinguish between works and defects issues, he asserted that the Council would appoint sub-contractors via the CHEST were financial thresholds to be exceeded.

- Would the requirement for the Principal Contractor to have experience of constructing swimming pool and leisure facilities make the tender process open to legal challenge by firms interested in the work who did not have such experience?

Mr Denson explained that the construction of leisure facilities and swimming pools in particular required specialist experience, and whilst he acknowledged that such a criteria may prevent smaller local firms for tendering for the role of Principal Contractor, it was anticipated that local firms would be contracted to construct particular areas of the scheme in line with the design brief and as specified by the Principal Contractor.

- Had a list of approved sub-contractors been identified?

The Contracts and Community Services Manager stated sub-contractors would be identified, once the Principal Contractor was confirmed.

- With reference to the risks and cost of the project as detailed in the report, a Member sought clarification as to the total cost of the project.

Mr Denson explained that the £19.46M figure quoted in the report was the total outturn figure for the scheme excluding V.A.T and the provision of temporary facilities during the construction phase of the project.

The Contracts and Community Services Manager added that the £19.46M anticipated cost of the project included £1.3M for Consequential Improvements required by Building Control, professional fees and a contingency fund allocation.

A Member asked whether the contingency made allowance for a delay to the project in the event of archaeological materials being found at the site.

Mr Denson responded that the project was in the very early stages and he undertook to ensure that the finding of archaeological materials be included in the project's Risk Register and that discussions would take place with the project designers and the Local Planning Authority in order that all matters relating to the issue were adequately addressed.

- Were there plans to include renewable energy sources in the scheme?

Mr Finlayson (Buro Happold) advised that renewable and low carbon technologies would be a key factor in the construction of the redeveloped Centre and consideration would be given to systems that would provide opportunities for payback for the Council. The Consequential Improvements required by Building Control indicated, as a guide, that 10% of the total build cost be used in making improvements to meet current standards, therefore combining the old and new parts of the Centre afforded the Council the scope to provide a building with improved energy performance.

- What governance arrangements were in place to manage and monitor the project?

The Deputy Chief Executive explained that, were the project to be approved by Council governance arrangements, including Officers and Members would then be developed and agreed by the Executive. Reportage to the Council's Scrutiny function would be managed through the relevant Panel's Work Programmes.

The Member responded that she felt Councillor involvement in the project was particularly important given the scale and cost of the project, and that the Scrutiny Panels should receive regular updates on the progress of the project in order that Members be kept abreast of developments.

- What arrangements were in place for those wishing to use the Sands Centre during the construction phase?

The Contracts and Community Services Manager advised that in essence the area to the left of the Hall in the current building was to be demolished which included the gym and bar and that a new, extended facility would be constructed in its place. The hall had a previously agreed programme of events occurring during the construction phase and would therefore remain open during the entire redevelopment works. It was intended that temporary, replacement facilities of those areas of the existing site would be provided for the duration of the construction phase of the project.

- How had the central area at the entrance been included in the design and had it added £5M to the project costs?

Mr Dunston noted that the central area known as “The Street” had been incorporated into the design for two main reasons: it provided an attractive entrance and congregational space for users of the facilities, and it acted as a foyer for the theatre. He noted that some cultural events in the Hall may attract up to 2,000 visitors and in order to manage their exiting of the building safely a large area was needed.

In terms of increased budgetary costs for the project, Mr Dunston asserted that was as a result of the proposed scheme being larger than previous proposals, however, he considered the budget for the project to be realistic.

- A Member commented that effective management of similar large scale construction projects in the private sector was attributed to the carrying out of robust meetings with the contractors delivering the projects, she sought assurance that the Council would look to employ a similar approach in the Sands Centre Redevelopment.

Mr Dando assured Members that, as Employer’s Agent he and his colleagues would ensure that the project was managed and delivered in the manner that the Council had set out in its requirements.

- What payment liabilities to Greenwich Leisure Limited would the Council incur were the project to fall behind schedule?

The Contracts and Community Services Manager acknowledged the Member’s concerns and confirmed that the risk of over-run was a significant risk to the project. Furthermore, he considered that risk gave strength to the rationale of identifying a suitable Principal Contractor at the earliest opportunity.

Mr Denson advised that regular programme review meetings would be held during the project to manage and mitigate against any issues which may cause slippage in the timetable. Pick Everard would take all necessary action to ensure that the project was completed within the agreed timetable.

The Chairman invited the Chairman of the Health and Wellbeing Scrutiny Panel to summarise the points and recommendations made by the Members of that Panel during their consideration of the presentation.

The Chairman of the Health and Wellbeing Scrutiny Panel noted that key issues for the Panel were: the use of apprentices in the delivery of the project; the securing of a Letter of Intent from the NHS Suite at the earliest opportunity and: that an OJEU compliant framework be employed in the tendering process for the appointment of Principal Contractor for the project

The Chairman (in her capacity as the Chairman of the Business and Transformation Scrutiny Panel summarised the key issues raised by that Panel was the need for the Council to ensure that the project remained within budget; in order to aid this the Panel felt that the plans for the redevelopment must be finalised prior to the commencement of works, and that Members be provided with regular reports being submitted to the relevant Scrutiny Panel(s) for consideration.

Members held a discussion on the purpose and effectiveness of operating a joint Panel meeting, and considered it important that the resolutions of the individual Panels be appropriately recorded to aid Members ongoing scrutiny of the project.

The Policy and Communications Manager explained that the joint meeting had been convened in order to allow for efficient feedback to the Executive for it to consider the issues raised by Members, as part of its decisions making process. He assured Members that individual resolutions would be appropriately attributed to the individual Panels.

The meeting adjourned at 12:55pm and reconvened at 1:05pm

SJSP.06/18 STANDING ORDERS

It was noted that the meeting had been in progress for 3 hours and it was moved, seconded and RESOLVED that Council Procedure Rule 9, in relation to the duration of meetings be suspended in order that the meeting could continue over the time limit of 3 hours.

SJSP.07/18 SANDS CENTRE REDEVELOPMENT

FINANCIAL IMPLICATIONS

The Deputy Chief Finance Officer provided an overview of the financial implications of the project, noting that a level of borrowing would be required by the Council and that a number of illustrative examples of how that could be achieved were set out in paragraph 2.8 of the report.

The starting point for the Council's consideration of potential methods of funding the project had been the re-tendered Leisure Contract which, following the completion of the redeveloped site would move the Council to a zero subsidy position in relation to its Principal Leisure Operator. Over the lifetime of the new Leisure Contract the Council would realise budget savings through receipt of payments from Greenwich Leisure Limited.

The Council had an asset portfolio worth £158M and an existing debt of £15M, with an interest rate of 8.5% as a result of a previous stock issue, which equated to a gearing of 9.4%. The calculated level of borrowing to fund the scheme was £17.5M with an anticipated interest rate of 2.5% over a 25 year period; it was anticipated that the additional monies would be raised through external grant funding. Given that the stock issue was due to be re-financed, an option was to combine the borrowing for the scheme and the stock issue, the Deputy Chief Finance Officer noted that such a strategy may achieve a lower level of interest payment for the Council by reducing the level of interest payable on the stock issue. He emphasised that the exact level of interest accorded to the loan was dependent upon the time at which the loan was taken out.

The loan would be secured from the Public Works Loan Board who provided three types of loan repayment options: interest only, annuity, and equal instalment payment, the Deputy Chief Finance Officer noted that the scenarios for loan repayments detailed in the report were based on an equal instalment payment option; he cautioned Members that the examples therein were for illustrative purposes only. The Budget considerations to be submitted to Council for consideration and approval in February 2018 incorporated a borrowing for the project of £17.5M at an interest rate of 3.25% and with a Minimum Revenue Provision (MRP) of 3%.

The Deputy Chief Finance Officer advised that consideration needed to be given as to the best policy for Council to adopt with regard to the regulation of its MRP and whether a separate MRP strategy was needed for the project. The factors for Members to consider in relation to the Council undertaking borrowing to fund the project were set out on pages 23 and 24 of the report.

In discussion the following observations and comments were made:

- A number of Members sought further detail on the Council's plans for the existing James Street Pool site and Turkish Bath suite following the relocation of the swimming pool facilities.

The Deputy Chief Executive explained that the Council had undertaken work with Montagu Evans to identify whether there was any external interest in the site. No proposal for the premises had been worked up but in due course options would be developed and submitted to the Executive for consideration.

A Member responded that the matter of the Turkish Baths and James Street Pool site needed to be included on the Council's Risk Register and, when plans for their use had been worked up, should be submitted to Scrutiny for its consideration.

- Were there any caveats in the Leisure Contract which would allow the Principal Leisure Contractor to reduce their payments to the Council following the completion of the redeveloped site?

The Contracts and Community Services Manager advised that the payments between the Council and Greenwich Leisure Limited were enshrined in the Leisure Contract signed between the two bodies, he noted that caveats were included which would allow for lower receipts to the Council in the event of a smaller facility being constructed.

- Was it necessary for the Council to secure the finance prior to the redevelopment scheme being "locked –in"?

The Deputy Chief Finance Officer advised that locking in for the scheme prior to any approvals being given to proceed would not be prudent, however, once approvals were given the best time to lock-in borrowing would be considered.

Responding to a further question from a Member, the Deputy Chief Finance Officer explained that tranching the borrowing requirements for the project would allow for a degree of flexibility in terms of the Council's profiling of cash flows by borrowing amounts to deliver specific aspects of the project as and when they were required and would also give flexibility for repayment profiles.

Regarding its asset to debt gearing ratio, the Council was, in relation to peer authorities, typically above average with respect to its portfolio of assets and a low level of debt. The Deputy Chief Finance Officer advised that financing the project would not preclude any further capital developments progressing.

Members discussed the financing options and felt that the equal instalment payment route for financing the project was the prudent option for the Council to take, and that the Executive should pursue such a method of financing. A number of Members, whilst agreeing with that approach, considered making such a recommendation was premature, given the current stage of project development, and that to do so would fetter the Executive.

- Had the Council any plans to dispose of any of its assets to help fund the project?

The Deputy Chief Finance Officer responded that the sale of assets was managed through the on-going asset disposal programme and that items would be brought forward as part of the Capital Programme.

- Had funding for the project been secured from Sport England?

The Contracts and Community Services Manager advised that as Council had not yet approved the scheme, the funding was not able to be applied for. He further explained that Sport England had a ring-fenced pot of money for projects in the Carlisle District of £2.5M, whilst a bid was required to access the funds, the Contracts and Community Services Manager was confident that the Council would receive an allocation.

- What was the anticipated lifespan of the NHS suite?

The Deputy Chief Executive advised that a time frame had not been identified as the hospital had not confirmed whether it intended to occupy the suite. He noted that a decision on the matter was needed soon, as were the Council to approve the project, designers would need to know how the space was to be utilised in order for the project to be taken forward. In the event that the hospital did wish to occupy the suite he undertook to secure Letter of Intent or similar document as surety to aid the Council's determination of the scheme.

In response to a further question from a Member, the Deputy Chief Executive advised that the inclusion of an NHS suite would not affect Greenwich Leisure Limited payments to the Council.

The Chairman requested that details of how the Council planned to use the suite, in the event that the NHS did not take it up be circulated to Members.

In summarising the discussion, the Chairman noted that Members were satisfied with the Council's position in relation to the financing of the project as set out in the report and that details regarding the options for the NHS Suite and the James Street site be circulated to Members in due course.

The Chairman thanked the Officers and Messrs Denson, Dando, Dunstan, Reed, Finlayson, Ker-Reid, and Rice for their presentation and contributions to the meeting.

RESOLVED – 1) That the Health and Wellbeing Scrutiny Panel recommend to the Executive:

- i) That an OJEU compliant Framework method be used in the process for the tendering of the Principal Contractor role;
- ii) That the Council seek to secure a Letter of Intent from the NHS regarding the provision of services from the redeveloped Sands Centre;
- iii) That details of alternative options for the proposed NHS Suite be circulated to the Panel, in the event that the hospital did not wish to proceed with the agreement.

2) That the Business and Transformation Scrutiny Panel recommend to the Executive:

- i) That a Transport Strategy and Travel Plan be secured as soon as possible;
- ii) That the use of apprentices be encouraged in the delivery of the project;
- iii) That plans for the James Street site and Turkish Bath complex be circulated to the Panel for its consideration when they became available;
- iv) That the Panel be provided with regular updates on the progress of the project.

3) That the Contracts and Community Services Manager circulate to Members of both Scrutiny Panel's confirmation of the Council's ownership of the land at the Sands Centre site.

4) That both Panels note report (CS.10/18) and submit the comments as detailed above to the Executive for their consideration.

(The meeting ended at 1.47pm)

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 12 FEBRUARY 2018

EX.09/18 **SANDS CENTRE REDEVELOPMENT
(Key Decision – KD.33/17)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Business and Transformation; Health and Wellbeing

Subject Matter

Pursuant to Minute EX.132/17 and in the absence of the Culture, Heritage and Leisure Portfolio Holder, the Deputy Leader, and Finance, Governance and Resources Portfolio Holder reported (CS.13/18) that the Executive had, on 18 December 2017, considered proposals for the redevelopment of the Sands Centre; which proposals would support delivery of the Council's Sports Facilities Strategy.

The Deputy Leader commented upon the significance of the proposed redevelopment project and thanked those Officers involved in the preparation of what was a very comprehensive report.

The Executive had referred the proposals to the joint meeting of the Business and Transformation; and Health and Wellbeing Scrutiny Panels convened on 29 January 2018 in order to seek their views. Copies of the Minutes of that special meeting, setting out the observations and recommendations of the Scrutiny Panels, had also been circulated.

The Deputy Leader drew Members' attention to the attached original Executive report (CS.31/17) which retained the anticipated costs, funding options and a developed programme and risk register.

The Chairman of the Business and Transformation Scrutiny Panel was in attendance. She referred to the Treasury Management workshop held on 25 January 2018, which had aided Members' understanding of the financial implications of the project; and thanked the Chief Finance Officer for providing that essential training.

Turning to the Minutes of the special joint Scrutiny Panel meeting, the Chairman referenced the detailed discussion which had taken place, including questions / concerns expressed with regard to land ownership; archaeological investigations at the site; and the securing of a Transport Strategy and Travel Plan as soon as possible.

The Leader noted that the Chairman of the Health and Wellbeing Scrutiny Panel had been invited to speak, but was not in attendance today.

The Deputy Leader thanked Scrutiny Panel Members for their in depth consideration of the matter; and responded to the recommendations made at the joint meeting on 29 January 2018 in the following terms:

(1) Health and Wellbeing Scrutiny Panel:

i) That an OJEU compliant Framework method be used in the process for the tendering of the Principal Contractor role.

The Executive welcomed that suggestion and would agree that using an OJEU compliant framework to bring a contractor on board quickly was the right way forward in this instance. It would ensure that the contractor was involved in solving some of the particular challenges around site planning and logistics during the construction phase, and even more importantly it would reduce the timescale for procurement and therefore reduce the risks of delays in the programme which would increase the costs of GLL's operating contract. The Executive would make the use of an OJEU compliant framework for the procurement of the main contractor as one of the formal recommendations within the paper presented to full Council.

ii) That the Council seek to secure a Letter of Intent from the NHS regarding the provision of services from the redeveloped Sands Centre.

The Council's Officers were engaged with the NHS and would be seeking a letter of intent and / or clarity on the NHS's position as a matter of urgency.

iii) That details of alternative options for the proposed NHS Suite be circulated to the Panel, in the event that the hospital did not wish to proceed with the agreement.

If the NHS did not occupy their proposed portion of the building, the Council and the design team would work with GLL to develop appropriate (and revenue generating) alternative uses for the space. Those would be presented to the Health and Wellbeing Scrutiny Panel before formal adoption as part of the regular updates to the Panel.

(2) Business and Transformation Scrutiny Panel:

i) That a Transport Strategy and Travel Plan be secured as soon as possible.

A Transport and Travel Strategy would be a requirement of the planning process. As such, it would be developed within the next stage of the programme, and would be subject to the comments of statutory consultees and approval within the planning process.

ii) That the use of apprentices be encouraged in the delivery of the project.

The principal OJEU compliant frameworks that had been explored initially actually mandated the use of a certain proportion of apprentices which was another point to support the use of such frameworks in this instance.

iii) That plans for the James Street site and Turkish Bath complex be circulated to the Panel for its consideration when they became available.

Plans for the future use of the James Street site would be worked up and presented to the Business and Transformation Panel as soon as they were ready.

iv) That the Panel be provided with regular updates on the progress of the project.

Regular updates on the project can and will be provided to both Panels as necessary and both are obviously free to build updates into their own work programmes in any case.

(3) *That the Contracts and Community Services Manager circulate to Members of both Scrutiny Panels confirmation of the Council's ownership of the land at the Sands Centre site.*

The legal ownership of the land at the Sands Centre had been confirmed and he would ask that a note was issued to the Panels confirming that fact.

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder concluded this item of business by formally moving the recommendations set out in Report CS.13/18.

The Leader added his thanks to the Scrutiny Panels for all of the very thorough work undertaken which had provided much food for thought moving forward. The Executive wished to build into the process a mechanism by which to work with Scrutiny and to monitor the way forward.

He also expressed thanks to the Officer team for their considerable efforts and work in preparation of the proposals which would be transformational for the City.

The Leader then formally seconded the recommendations.

Summary of options rejected Not to refer the report to Council

DECISION

That the Executive:

1. Had considered Report CS.13/18 and its appendices.

2. Had given consideration to the comments and recommendations arising from the Business and Transformation Scrutiny Panel; and the Health and Wellbeing Scrutiny Panel, and responded as detailed above.
3. Referred the report to full Council for consideration.
4. Recommended to full Council that the proposed scheme is progressed with further Executive consent sought at the end of RIBA Stage 4 (ahead of the appointment of a principal contractor).
5. Recommended to full Council that the selection of an OJEU compliant procurement route for the principal contractor be delegated to the Deputy Chief Executive following consultation with the Portfolio Holders for Finance, Governance and Resources; and Culture, Heritage and Leisure.

Reasons for Decision

The redevelopment of the Sands Centre complex would deliver the key aspirations of Carlisle City Council's Sports Facilities Strategy, deliver the reductions in leisure contract subsidy enshrined in the new Leisure Contract, and replace / renovate existing facilities as, or more efficiently, than fulfilling the anticipated repair liabilities at the Pools and Sands Centre sites