

SPECIAL BUSINESS AND TRANSFORMATION SCRUTINY PANEL

THURSDAY 6 JUNE 2019 AT 2.00PM

PRESENT: Councillor Bainbridge (Chairman), Councillors Alcroft, Allison, Birks, Mrs Bowman, Mrs Finlayson (as substitute for Councillor Mitchelson), Robinson (as substitute for Councillor McNulty), and Paton (until 2.55pm).

ALSO

PRESENT: Councillor J Mallinson - Leader
Councillor Ellis – Finance, Governance and Resources Portfolio Holder
Mr Roberts – Wates
Mrs A Eardley - Wates
Mr Denson – Pick Everard
Mr Reed – GT3 Architects
Mr Sime - Buro Happold
Mr Reekie - Buro Happold
Mr Rice – Greenwich Leisure Limited
Mr Horne – Greenwich Leisure Limited

OFFICERS: Town Clerk and Chief Executive
Deputy Chief Executive
Financial Services Manager
Policy and Communications Manager
Policy and Performance Officer
Overview and Scrutiny Officer

BTSP.46/19 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors McNulty and Mitchelson.

BTSP.47/19 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

BTSP.48/19 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.

BTSP.49/19 THE SANDS CENTRE REDEVELOPMENT PROJECT

The Deputy Chief Executive introduced the Sands Centre Project team to the Panel and submitted an update on the progress made in developing the Sands Centre Redevelopment Project (CS.17/19).

The Deputy Chief Executive gave a presentation which reminded the Panel that the replacement of James Street Pools and the redevelopment of the Sands Centre site had been a long term aspiration for the Council. He detailed the background to the redevelopment including the approval of the Carlisle Sports Facilities Strategy 2013-23 and the impact of the 2015 flood event which had raised questions regarding the suitability of the site. The work for the Strategy included appraising different sites for the relocation of the Pools and it was agreed that the Sands Centre was the best option for the facilities.

He highlighted the strong support from Sport England for the project who had awarded the project the maximum grant of £2m which would be finalised should the project be approved. A

new contract with Greenwich Leisure Limited (GLL) had commenced in December 2017 and it offered a business case for the development.

The report set out the detailed development proposals which included improvements to the existing events hall and the whole redevelopment had been a Dementia friendly design with increased and improved accessibility.

He explained that GLL had an extensive programme of health, wellbeing and entertainment activities which would continue throughout the build period and the Council's contract with GLL covered the service continuity issues. In addition, the NHS services would need to continue and grow. To ensure that the activities could continue there had been extensive exploration of alternative temporary accommodation from on site portacabins to the renovation of industrial units. It was determined that the former Newman School site was the best option to continue to provide health and fitness in the City Centre.

Mr Reed, GT3 Architects gave a detailed presentation on the design development. He reminded the Panel that the site was well connected in a key location which was well known within the City. He gave an overview of the project which was at the technical design. He detailed the constraints and the opportunities of the site and outlined the colour palette that had been selected based on the City's urban and rural landmarks. The design utilised materials to reflect the locality of the site and to respond to the challenges of the site. Brick had been chosen as the preferred material for the plinth material as it was robust and flood resilient. The colour and tone of the brick had been carefully chosen to fit the local vernacular with Flemish brick bond to provide a link to local brick work in the vicinity. Timber had been chosen for the upper elements of the Pool façade to blend with the rural context of the site and metal mesh would be used on the fitness box to draw attention to the entrance of the building.

Mr Reed explained that the 'street space' inside the building would provide the link between the new sports space and the existing events space and would be a public area accessible to all. He detailed the facilities which would be available including a 25m x 17m, 8 lane pool and a learner pool with a moveable floor, four court sports hall, 120 station fitness suite, spinning studio and two dance studios. The whole design included lots of glass to allow as much natural light as possible and to encourage users to use other facilities in the building.

The facilities on offer would include a changing places facility with unisex changing and toilets, pool lifting platform access, pool stair access, 2 lifts and buggy and wheelchair storage. There was spectator seating in the pool area for 150 people and the design was Sport England compliant and had been designed using the NHS Design Guidance.

A Flood Risk Assessment had been carried out for the site and was included as part of the planning application. The Assessment had informed the overall design of the building levels and materials chosen. The flood defence strategy for the building was a water entry strategy, water would be allowed to enter the building rather than actively being kept out. The material used in the building would be resilient and could be cleaned to ensure the centre could re open quickly. The pool and associated changing areas had been raised to 450mm to ensure the pool areas were at minimal risk of flooding. The only area which would need to be replaced in a flood event was the sports hall as modern sports hall floors used timber sprung floors which could not be cleaned and put back into use.

Mr Reed finished his presentation by outlining the consequential improvements which would be required to the existing events hall which would improve the carbon footprint of the existing building.

Mr Roberts introduced Wates and assured the Panel that the company was robust with good financial backing which looked to create sustainable business. Mr Roberts detailed the SCAPE framework which was quicker than the traditional procurement method, with no additional OJEU

requirement and a quick start which saved procurement time. SCAPE provided value for money through market testing at each stage and allowed early contractor engagement, benchmarking at feasibility and planning and preconstruction guarantees delivery success. SCAPE allowed Wates to engage with the supply chain early and meant they were ready to move forward as soon as the project was agreed.

Mrs A Eardley, the Community Investment Manager reported that reported that Wates were 100% committed to leaving a positive legacy in the community and would provide a range of Employment Skills opportunities locally. A community insight analysis had been carried out and Wates offer included a minimum 10 work experience placements for local students and young people, 5 visits to local schools, 1 visit to a local university, 1 graduate recruited, 3 new adult job opportunities, 7 new apprentice opportunities and 6 new NVQ opportunities.

Wates had held a meet the buyer event and had found a number of companies in the local area. Mrs A Eardley drew the Panel's attention to the of Key Performance Indicators (KPIs) which Wates had to drive social value in the local area. One of the measures was that 75% of local spend would be within a 40-mile radius. This was the goal, but it may prove difficult to find the required skills and supply chain in a small radius as Carlisle and Cumbria was unique in the way it was spread out. The Council's Client Side Project Manager had suggested a 100m radius and it was possible that this may be required.

The Deputy Chief Executive added that the distance had been monitored moving through the project and there was concern that limiting the area may impact the project. The 100m radius took in the Borderlands area which was important to the City. It was important to retain the local element not to the detriment of delivering the project.

Mr Roberts reported on the engagement process which included the feasibility Stage 3 design, the Route to Affordability, the tender process and the Post Tender Stage 4.

The Deputy Chief Executive summarised the project programme which was due to be completed in August 2021.

Mr Denson, Pick Everard, set out the details of the Gateway 4 report including the commercial evaluation, commercial findings and the technical evaluation.

The Deputy Chief Executive gave a summary of the capital costs. He explained that the Stage 2 cost plan for construction had been £17,541,339, this had increased through the process with a final figure at Stage 4 of £18, 307,472. The additional increase in capital costs came from the cost of the temporary accommodation, consequential improvements and the inclusion of a Council contingency which was deemed prudent.

The Financial Services Manager reported that the Medium Term Financial Plan had included £19,467m as an estimated capital cost and included the revenue costs associated with the funding of the proposed scheme. Following further works a final tender price including Project and Design team costs had been submitted of £20,827,607. Adding in landlord responsibilities, temporary accommodation costs, contingency costs and internal project staff cost, the total capital budget for the scheme would rise to £25,499,754.

The overall capital cost would be funded from £20,500,000 external borrowing, £2,000,000 Sport England Grant, £273,000 GLL Reserve and £2,276,754 Asset Disposal receipts. The external borrowing was assumed on a 25 year term with the principal being repaid each year. The borrowing costs could be funded from reduction in subsidy achieved as part of the re-tendering of the Leisure Contract in 2017.

The Financial Services Manager detailed the financial impact to the authority of doing nothing. He reported that the 'do nothing' option would require increased subsidy to GLL through

contract renegotiation and would also require at least £12.6m of capital investment. If the Council moved forward with the project there would be a potential return to the Council of £1.150m at the end of the 25 years. If the Council did not move forward with the project there would be a potential cost to the Council of £18,341m at the end of the 25 year period.

The Deputy Chief Executive drew attention to the Scheme of Delegation for the project which would allow decisions to be made in a more timely and transparent manner. He closed the presentation by highlighting the risk registers which had been attached to the report as appendix F and outlining the consultation that had taken place.

In considering the report and presentations Members raised the following comments and questions:

- Was the Sport England Fund time limited?

The Deputy Chief Executive clarified that the grant was not time limited, however it was site specific and Sport England were aware of the programme timetable and were comfortable with it.

- What commitment did the Council and GLL have from the NHS?

The Deputy Chief Executive responded that the Council had confirmed board support. The Heads of Terms were prepared for signature should the project be approved. The commitment from the NHS would be through the rent and the Heads of Term would cover a fifteen year period.

- Was there a cost implication for the maintenance of the timber?

Mr Reed explained that natural timber would be untreated and would bleach to grey over time as a design feature. The timber that was being proposed for the Sands Centre would be treated to retain its colour and to reduce the maintenance costs.

- How did the size of the sports hall compare to other facilities?

Mr Reed explained that a four court hall was the standard size for modern facilities.

- How would public transport fit in with the development?

The Deputy Chief Executive informed the Panel that the Director of Economic Development, two planning officers and himself had met with Stagecoach to discuss options to amend a bus route to take in the Sands Centre. Stagecoach were happy to consider proposals and were undertaking some survey work and consultation with GLL. They suggested that some joint ticketing be introduced to offer better value, and this would be considered further. He added that discussions would take place with other operators in the City.

Mr Reed drew the Panel's attention to the external design and highlighted that there was a separate area for coach drop offs, so they would not be at the front of the building.

- How would the Changing Places Facility be set up?

Mr Reed clarified that the Changing Places Facility would include single, double and family cubicles along with four group rooms for schools and would have unisex toilets. The space could be split into two so one side could be closed for cleaning and maintenance and there would still be changing facilities open. This was a similar set up to the existing family pool at James Street and allowed better occupancy in the space.

- The glass created an open aspect overlooking the River Eden, what volume of resistance did the glass have should there be a flood event?

Mr Reed clarified that the glass in the pool area was above the level of flood risk as was the whole pools area at 450mm.

- What costs would be incurred if a flood event got into the pool?

Mr Reed explained that there was a minimum risk to the pool, however, the impact would depend of the flood water was contaminated or not. Contaminated water would result in the replacement of the filters.

Mr Rice, GLL commented that he had to replace the filter at Appleby pool following a flood and it closed the pool for a week at a cost of £7,500 for the filter, the proposed pool would have four filters.

- In the event of a flood who would be responsible for the insurance and costs?

The Deputy Chief Executive explained that the Council would be responsible as the landlord and such details would be included in the tender. He added that the Environment Agency had been involved in the design process and the pools had been raised to deal with a 1 in 100 years plus 40% flood event. All of the materials in the design had been flood resilient except for the sports floor. Some elements of the building such as equipment would be the responsibility of GLL but all of this had been taken into account in the design.

The Finance, Governance and Resources Portfolio Holder stressed the seriousness of a flood event that would reach the level that was being prepared for and explained that it would be a substantial flood event which would severely damage Carlisle as a whole.

- A Member applauded the re-use of the photo-voltaic panels and asked what life span they had.

Mr Reed confirmed that a survey of the panels had been undertaken and two would need to be replaced. They had an expected life span of 20 years. The Deputy Chief Executive added that during the lifespan of the panels technical developments would be observed to ensure the best solution was being used.

- The theatre was the biggest income for the Sands Centre, why had there not been more emphasis on making a bigger theatre to accommodate the growing City?

The Deputy Chief Executive clarified that the events hall did not generate the biggest income for the Sands Centre. The space would be a flexible entertainment space not a purpose built theatre.

Mr Rice added that the design allowed the events programme to grow from 180 events in a year to 220 events in a year as well as 365 days sports programme.

A Member commented that a theatre had been the aspiration of the people of Carlisle, unfortunately Carlisle did not have the population to support it and therefore a theatre would not be sustainable. A multi use events space would be better for the City and sustainable.

Councillor Paton left the meeting

- Who would be responsible for any disruptions to events during the build?

The Deputy Chief Executive responded that the temporary facilities were designed to ensure that the entertainment programme would continue throughout the build. Any disruption to this would be the responsibility of Wates and was included in the tender process and contract to ensure that the building operated in a safe open environment. The Council would manage any unforeseen issues but responsibility would depend of the circumstances.

- How would GLL engage with rural residents and encourage them to make the journey into Carlisle to the Sands Centre?

Mr Rice explained that the design created open space to encourage those who visited the Sands Centre for events to return to use other facilities. He explained that GLL had an outreach programme which would be useful for the rural areas.

The Panel asked for more information on the outreach programme to be circulated to Members.

- Carlisle College and the University of Cumbria were establishing a vocational programme for disenfranchised children from the age of 14. Would this age group be included in the work Wates were undertaking?

Mrs A Eardley responded that Wates could offer what ever was required of the area as long as everything was risk assessed properly.

- Following completion of the project how would any 'snags' be dealt with, especially if the contractor was out of the City?

Mr Roberts reported that a manager would remain on site six weeks after the contract was completed to deal with any issues. If the manager was not able to get the original contractor back on site or another contractor to complete the snags then Wates would do the work and invoice the contractor. The contract allowed for twelve months to deal with any 'snagging' issues.

- The GLL contract covered a ten year period and the debt was a 25 year period, what would happen to the ten years in between contracts?

The Financial Services Manager responded that a new contract would be retendered and negotiated for leisure services with the expectation of similar terms as the current contract.

- Current interest rates were low, would these rates be locked in for the entire period of the loan?

The Financial Services Manager confirmed that the loan would be fixed through the Public Works Loans Board. He added that rates had reduced further since the publication of the report and it would be prudent to lock the rates into a loan as soon as possible.

- What would the £12.6m capital investment be used for should the project not be approved?

The Deputy Chief Executive explained that the money would bring the pools and Sands centre buildings up to a satisfactory standard and deal with the backlog of maintenance.

- The stock issue was still outstanding and the authority would take on a further £20m loan if the project was agreed, was the Council able to afford the repayment of both loans at the same time?

The Financial Services Manager reported that the stock issue would be repaid in May 2020. The table on page 17 of the report showed the overall levels of expected borrowing for all capital schemes and including the stock issue. There was an increase in the next five years and it may be a requirement to increase the Authorised Limit and Operational Boundary which can be agreed by Council as the maximum borrowing levels, however both repayments were affordable in the MTFP.

- There were a number of large projects being moved forward by the authority, was the authority in a strong financial position to deal with all of the projects?

The Financial Services Manager responded that the MTFP included all of the projects and they were all affordable based on the assumptions made around interest rates and borrowing terms.

- If further opportunities for large projects were presented to the Council how could they be accommodated?

The Financial Services Manager reminded the Panel that the Council could set its own maximum borrowing limits and if there was a sound business case for a new project the Council could approve an increase in the borrowing limits if this was required.

- The proposed use of the former Newman School as the temporary accommodation had some risks as it had previously flooded. The Panel asked what the building would be used for at the end of the project period.

The Deputy Chief Executive explained that the former Newman School building had an existing sports hall which was operational and being used by Carlisle College. The Council would have Head of Terms with the Diocese of Lancaster and GLL and work with Carlisle College. There would also be some renovation to the ground floor of a two story block next to the sports hall with a five year lease.

Work was already being undertaken on how the building could be used at the end of the project period should it be approved. One option was that Carlisle College could utilise the space for health and wellbeing courses. He assured the Panel that the Council would look to maximise the benefit of the renovation for the longer period.

The Deputy Chief Executive added that extensive work had been carried out in considering alternative sites. The original consideration had been to install temporary portacabins on site but these would be bespoke as they required double height and reinforced flooring. They would also be quite fragile and therefore deemed unsuitable and expensive. GLL had considered other sites such as Morton School, however this would require a new build and would be outside of the City making it an expensive option with limited accessibility.

The conversion of the Sheepmount had been a strong option but it was limited in space and would not offer the required accessibility especially in the winter months. Available units such as the empty Staples and Maplin units had been considered but they would be expensive to renovate and would have a lease rent.

As a result, the former Newman School building had been the best option for location and the most affordable. The renovation would be as resilient as a temporary accommodation could be.

In response to a further question the Deputy Chief Executive stated that Victoria Place would be used as the entrance to the car park. Some demolition had taken place on the site and this would be cleared to make additional parking spaces. A transport assessment of the site had been carried out.

The site itself had been flooded and only limited flood resilience measures would be introduced to temporary accommodation, however, flood resilience would be incorporated where possible.

- Would the relocation of services to Newman School result in any reduction to staff?

Mr Rice informed the Panel that there would be a slight increase in staff as two sites would be operating at the same time.

- Were the NHS happy with the temporary accommodation?

The Deputy Chief Executive confirmed that the NHS had been on site and were happy to be on the journey with the Council.

- Why had the required works to the roof not been identified earlier?

The Deputy Chief Executive responded that it was largely due to the difference between Property Services' assessment and the detailed analysis that Wates had carried out. Wates had carried out a much more in depth analysis for the consequential work that was required as part of the project.

- The Sands Centre did not currently cater to those customers who wanted to have a pre-show dinner, would this be addressed in the design?

Mr Rice confirmed that the project would improve the catering facilities and bar areas and would offer a much improved catering facility including a bistro type service for coffee.

- Was there any protection in the budget for material cost increases as a result of external forces such as Brexit?

Mr Roberts reported that inflation had been built into the contract and any increase in construction costs would be covered by Wates. Brexit could potentially impact any goods which would be imported but this should not impact the project as there would be very little, if any, imported goods.

In response to a further question Mr Roberts confirmed that the contract price was fixed unless the Council requested anything different.

- Was Wates confident that the temporary accommodation would be opened and ready to use on time to move the project forward and reach the agreed completion date?

Mr Roberts confirmed that the plan was in place and Wates were confident they could deliver the plan. One of the benefits of a joint contract was being able to ensure the two parts of the project met the required timescales.

- The petty cash figure in the contract was quite high, what would this be used for?

Mr Roberts responded that the figure reflected everything that would be required for Wates to deliver the project on site.

- There was concerns that the Scheme of Delegation allowed officers to make decision that Members were not aware of.

The Deputy Chief Executive responded that the decision could be circulated to all Members, however, the process was a deliberate attempt to streamline practical decision making. There would be a full monitoring process for Members.

The Deputy Chief Executive confirmed that he would submit monitoring reports to the Panel at their request.

- Who had the liability if the site flooded during construction?

The Deputy Chief Executive explained that the liability would depend on the timing of the flood in the project and what was damaged.

Mr Roberts informed the Panel that Wates had a Flood Management Plan in place to minimise the impact of any flooding.

Mr Denson highlighted the risk register and the discussion that was still to take place to determine what constituted a flood event,

- The meet the buyer event had received a disappointing response from local businesses, would there be a further attempt to engage with local businesses?

Mr Roberts reassured Members that local businesses would show more interest in the work once the development had been agreed and the tender had been awarded. A further event would be organised if the project was approved.

- Why were the ground conditions still a risk at this point in the project?

Mr Roberts reported that at the time of building the Sands Centre, over 35 years ago, data was not collected and stored the way it was now. Wates had carried out some bore hole tests and expected the ground underneath the building to be the same.

- How would the site remain secure and who would bear the cost?

Mr Roberts explained that hoarding would be erected along with CCTV and security officers as the project moved forward. This had all been included in the costings.

The Leader of the Council commented that the project was coming to the end of a long process and would be a vast project for the City. He was confident that the Council could deliver the project successfully. He paid tribute to the Deputy Chief Executive and his team and the partners involved in bringing the project to this point.

The Panel discussed how the project would be monitored and which Key Performance Indicators would be submitted for scrutiny. The Deputy Chief Executive responded that consideration would be given to which KPIs the Panel would require and a monitoring report would be included in the Panel's Work Programme.

RESOLVED – 1) That the Panel thanked Mr Roberts, Mrs A Eardley (Wates), Mr Denson (Pick Everard, Mr Reed (GT3 Architects), Mr Sime, Mr Reekie (Buro Happold), Mr Rice, Mr Horne, (Greenwich Leisure Limited) for their attendance and valuable input into the meeting:

2) That report CS.17/19 and additional presentations on the Sands Centre Redevelopment Project be welcomed;

3) That the Executive consider the comments and concerns raised by the Panel as detailed above when making their recommendation to Council;

4) That the Panel supports the proposals and recommends to the Executive that the project be moved forward;

5) That a monitoring report which included a range of Key Performance Indicators on the redevelopment project be submitted to the Panel on a quarterly basis should the project be approved on 25 June 2019;

6) That any significant exceptions be brought to the Panel in between monitoring reports;

7) The Panel accept Newman School as the temporary accommodation site for the duration of the project construction and looked forward to further information on how the building would be used following completion of the development.

8) That the Deputy Chief Executive provide the Panel with written details of the liability should the site flood during construction;

9) That further information on GLL's outreach programme to be circulated to Members.

(The meeting ended at 4.37pm)