

 Executive – 13 July 2020		Agenda Item No. 7
Title	Warwick District Leisure Development Programme – Kenilworth Facilities	
For further information about this report please contact	Paddy Herlihy Padraig.herlihy@warwickdc.gov.uk	
Wards of the District directly affected	All wards of the District but likely to specifically affect: Kenilworth Abbey and Arden Kenilworth Park Hill Kenilworth St Johns	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive 21 st August 2019 Leisure Development Programme – Kenilworth Facilities Minute Number 31	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	1133
Equality Impact Assessment Undertaken	No
Equality Impact Assessments will be undertaken at the appropriate stage as the project and design develops.	

Officer/Councillor Approval		
Officer/Councillor	Date	Name
Chief Executive/Deputy Chief Executive	26/05/2020	Chris Elliott/Andrew Jones
Head of Service	26/05/2020	Rose Winship
CMT	26/05/2020	Chris Elliott/Andrew Jones/Bill Hunt
Section 151 Officer	26/05/2020	Mike Snow
Monitoring Officer	26/05/2020	Andrew Jones
Portfolio Holder	01/06/2020	Councillor Mrs Grainger
Consultation & Community Engagement		
The first stakeholder and public consultation for Phase Two of the Warwick District Leisure Development Programme took place in October 2018. The report to Executive in January 2019 reported back on the results of that consultation. The second		

consultation was undertaken in November and December 2019. The results of that consultation were reported back to the Project Board and Members' Working Group; summary results were published and full results will form part of the planning application.	
Final Decision?	No
Suggested next steps (if not final decision please set out below) The report proposes that the next steps are to continue with RIBA Stage 4 design for Castle Farm Recreation Centre and to commence RIBA Stage 4 design for Abbey Fields Swimming Pool, both on the basis of the RIBA Stage 3 designs agreed by the Project Board. The report proposes the provision of additional funding to enable the design process to achieve the end of RIBA Stage 4 design for both facilities, when a further report will be brought to Executive and Council in the autumn of this year. Such a report will provide a completed design package and detailed cost estimate for consideration by Council. Please note that the report does not propose achieving the end of the entirety of RIBA Stage 4 on the RIBA Plan of Work, as this also includes the procurement of a preferred contractor at an agreed price.	

1. Summary

- 1.1 The current focus of the Warwick District Leisure Development Programme is the two leisure facilities that the Council owns in Kenilworth, being Castle Farm Recreation Centre and Abbey Fields Swimming Pool.
- 1.2 In August 2019 the Executive gave permission to officers to instruct the Design Team (provided and led by Mace Group) to begin the RIBA Stage 3 design process for these two sites, based on the designs approved by the Project Board during the summer of 2019 and then to proceed to the end of RIBA Stage 4.
- 1.3 The project has experienced an increase in costs for the Design Team due to prolongation of the programme and an increase in the predicted cost of the construction. In order to continue to the end of the RIBA Stage 4 design for both sites it will be necessary to provide a further amount of funding to the project. This report requests this additional funding. Please note that the report does not propose achieving the end of the entirety of RIBA Stage 4 on the RIBA Plan of Work, as this also includes the procurement of a preferred contractor at an agreed price.
- 1.4 If approval is given the Design Team will then proceed with the RIBA Stage 4 design for both buildings and a further report will be provided to Executive and Council at the end of the RIBA Stage 4 (design only), in the autumn of this year.

2. Recommendations

- 2.1 That Executive approves a sum of up to £391,000 be allocated from the Service Transformation Reserve for the financial year 2020/2021 in order to fund the new designs for the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre up to the end of the RIBA Stage 4 process (design only).
- 2.2 That, subject to agreeing recommendation 2.1 of this report, Executive asks officers to instruct the Design Team to complete the RIBA Stage 3 design of Abbey Fields Swimming Pool and, following approval from the Project Board, to

continue the design process to the end of the RIBA Stage 4 process (design only) for both Castle Farm Recreation Centre and Abbey Fields Swimming Pool.

- 2.3 That Executive notes the work already undertaken by the Design Team on improving the sustainability and carbon neutrality of the design of the Castle Farm Recreation Centre and the Abbey Fields Swimming Pool as shown in Appendix A to this report and instructs the Design Team to develop this work further in preparing the RIBA Stage 3 and Stage 4 reports on these projects.

3. Reasons for the Recommendations

Recommendation 2.1

- 3.1.1 The Executive has already given permission for the two projects in Kenilworth to proceed to the end of RIBA Stage 4. Sufficient funding was provided in previous reports to employ the Design Team to the end of this Stage of the RIBA Plan of Work, based on the tendered cost of the Design Team valid at that time.

- 3.1.2 However, since that time, the cost of employing the Design Team to the end of RIBA Stage 4 has risen for two reasons. Firstly, the programme has been delayed, for reasons given in paragraphs 3.1.3 and 3.1.4 below and this has led to prolongation costs. Under our contract with the Design Team, if the programme is extended then their fees increase as they are working on the project for a longer period of time. Secondly, the overall predicted cost of the construction has risen. This also increases the cost of the Design Team, as their fees are based on a given percentage of the predicted cost of construction.

- 3.1.3 Table One below gives a simplified picture of the delays to the project so far that have led to prolongation costs. In fact, a number of these delays overlap or otherwise interact with each other.

Table One – project prolongation

RIBA Stage	Tendered Programme Duration (weeks)	Actual Programme Duration (weeks)	Prolongation Duration (weeks)	Reason for prolongation
1	10	15	5	Appraising numerous options
1 Consultation	0	15	15	Consultation period not in tender
2	16	17	1	Minor delays
Member briefing	0	11	11	Presentations to all parties and feedback
3 – Castle Farm	15	25	10	Options with Scouts and Guides
3 – Abbey Fields	0	20	20	Re-design of pool hall and levels
4 – Design only	28	16	14	Change in project strategy due to Covid 19
4 - Procurement		<u>26</u>		
Total to end RIBA 4	69	145	76	Including 26 weeks of procurement after any project freeze

3.1.4 The following points explain the delays in more detail –

- 3.1.4.1 The RIBA Stage 1 process at both facilities was extended by the appraising of numerous options for the two facilities. 16 options were produced in total, including such suggestions as placing both swimming and indoor sport facilities on the Castle Farm site.
- 3.1.4.2 The Council required a public consultation during RIBA Stage 1 to consider the facility mix at both facilities. This had not been allowed for in the tendered programme nor included in the tendered scope of works.
- 3.1.4.3 Following the elections in May of 2019, it was agreed to pause the design process whilst presentations were given to all parties in the new Council in order to receive their feedback on the proposals at the two sites. This was a new request and so it had also not been included in the tendered programme.
- 3.1.4.4 RIBA Stage 3 at Castle Farm was delayed in order to fully appraise and evaluate a number of options with the Scout and Guide Headquarters on the site. Options included locating the facility on the Rouncil Lane site which was in the process of being purchased by the Council, and a stand-alone facility on the Castle Farm site.
- 3.1.4.5 RIBA Stage 3 at Abbey Fields was scheduled to run concurrently with RIBA Stage 3 at Castle Farm, which is why it is shown as zero weeks on the table. It was delayed by the decision of the Project Board to replace the existing indoor 25 metre swimming pool tank, rather than retaining the existing one. This decision was made when the detailed survey of the potential for flooding revealed that the existing tank is positioned low enough to be a flooding risk. This decision will provide a range of benefits to the overall design of the completed building, but it did necessitate a significant re-design of the details of some parts of the building. This delay occurred after the delay referred to in paragraph 3.1.4.4 above, and so does not run concurrently with that delay.
- 3.1.4.6 RIBA Stage 4 at both facilities is currently predicted to take longer than originally forecast. This is partly because both buildings have increased in size and complexity during the design process, and so it will take longer to complete the Full Technical Design. It is also because the procurement of the contractor will now take place after the end of the RIBA Stage 4 design process, rather than running concurrently with this process. The RIBA Stage 4 design process will therefore be completed sooner but the total time for RIBA Stage 4, including the procurement of a preferred contractor, will take longer. Note that if the project is frozen at the end of the RIBA Stage 4 design process, the procurement of a contractor will not commence until the project is unfrozen at a later date.

- 3.1.5 In addition to the prolongation costs, there has been an increase in costs for the Design Team due to the increase in the predicted cost of construction. The contract with Mace, as co-ordinators of the Design Team, and other members of the Design Team, is based on a percentage of the total predicted cost of the construction, as is usual with contracts of this sort. Therefore, if the predicted cost of the construction rises then the fees are subject to “uplift” rise too.
- 3.1.6 The calculation of the sums for prolongation and uplift that are due to the Design Team led by Mace are private and confidential as they demonstrate in considerable detail the prices agreed with Mace, and are therefore commercially sensitive.
- 3.1.7 The implications of the additional sums required for prolongation and uplift are that the project currently has insufficient allocated funds to complete the design process to the end of RIBA Stage 4, although it has authority from the Executive to progress to that stage. Table Two below shows that the project currently requires an additional £390,597 to fund the design process to the end of RIBA Stage 4 (design only).

Table Two – Authority from Executive and costs to the end of the RIBA Stage 4 (design only)

Date of Executive meeting	Description – RIBA Stage	Amount (£)
7 February 2018	RIBA Stage 1	100,000
26 September 2018	n/a	None
9 January 2019	To end RIBA Stage 3	200,000
Feb 2019 (Finance Report)	To end RIBA 3 (2019/20)	550,000
21 August 2019	RIBA Stage 3 to end RIBA 4	445,000
Total project funding	To the end of RIBA 4	1,295,000
Costs to the end of RIBA 4 (design only)	Subject	Amount (£)
	Tendered fee for Design Team	543,075
	Additional fees	659,257
	Further fees for Abbey Fields re-design	159,655
	Surveys and other services	375,169
Total project costs	To the end of RIBA 4 (design only)	1,737,156
Additional project costs	To the end of RIBA 4 (design only)	442,156
Sums remaining in budget		51,559
Shortfall required to the end of RIBA 4 (design only)		390,597

Recommendation 2.2

- 3.2.1 The design process for the Castle Farm Recreation Centre is complete to the end of RIBA Stage 3, and the relevant report has been signed off by the Project Board. The decision to replace the pool tank at Abbey Fields has led to some

significant improvements in a number of parts of the building, but this has also led to elements of re-design, and so the RIBA Stage 3 process is not yet complete for this building.

- 3.2.2 The Design Team should therefore be instructed to complete the RIBA Stage 3 design process for Abbey Fields Swimming Pool and to present a RIBA Stage 3 report to the Project Board for approval. Once this approval has been received, it will then be possible for the Design Team to commence the RIBA Stage 4 (design only) process for both buildings.
- 3.2.3 Following discussions with the Executive and due to the uncertainty surrounding the availability of funding during and after the pandemic it has been decided to complete the RIBA Stage 4 design process without procuring a preferred contractor. This will enable the RIBA Stage 4 design process to be completed in a shorter timescale. The end of the RIBA Stage 4 design process will provide the Council with a final design, with its planning application decided, and a more accurate estimate of likely costs. This will enable the Council to take a decision as to whether or not to proceed with the project.
- 3.2.4 However, it should be noted that this point in the programme will not actually constitute the end of the entire RIBA Stage 4 process, as RIBA Stage 4 usually includes the appointment of a preferred contractor at an agreed price. If it is decided to proceed beyond the end of the RIBA Stage 4 (design only) process the first step will be to procure a contractor and agree a contract price. This will complete RIBA Stage 4 and prepare the project for RIBA Stage 5, which is the construction phase.
- 3.2.5 A draft programme for the project is in place, but the current situation with the pandemic means that there are many unknowns. It is not therefore presented here for consideration. It will be developed with the Leisure Development Programme Project Board and the Leisure Development Programme Members' Working Group as the project progresses.

Recommendation 2.3

- 3.3.1 The Council declared the Climate Emergency whilst the design process was underway for these two buildings. However, the Executive had already decided, at their meeting on 9th January 2019, to "instruct the design team to fully explore how the building and running of the two facilities can be as close to carbon neutrality as reasonably possible and to request that this matter is carefully addressed in subsequent reports to Executive".
- 3.3.2 As well as all of the carbon reduction measures that are required by the current Building Regulations, many options that could serve to reduce carbon during the use of the building have been appraised for their suitability for these two buildings. The table shown in Appendix A to this report shows each of the technologies considered and the final decision of the Board as to which technologies to include in the designs of each of the two buildings. The Leisure Development Programme Members' Working Group also considered each of these technologies and their suitability to these projects.
- 3.3.3 The approved technologies will now be incorporated into the design of the two new buildings. The issue of carbon neutrality will also be relevant in other design and operational issues, such as travel to the sites. The work to optimise performance in these related areas is continuing and will be reported on in

subsequent reports to Executive and Council, and highlighted as part of the Planning Application for the facilities.

4. Policy Framework

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several key projects. This report shows the way forward for implementing a significant part of one of the Council's key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
Impressive cultural and sports activities Cohesive and active communities Increased physical activity for all the community Stimulus of better quality public facilities	Area has well looked after public spaces Safe and vibrant public facilities where the community feel comfortable at all times	Dynamic and diverse local economy Increased employment and income levels Tendering process will attract interest from more companies Contract will stimulate the local construction industry
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged,	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management

empowered and supported The right people are in the right job with the right skills and right behaviours	provision of services	Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
The proposal will further enhance the experience of the Warwick District Leisure Development Programme team in managing large scale capital schemes	Focusing on our customers' needs The management of this project will assist us to continue to improve our management of large scale capital schemes	Better return/use of our assets – the new facilities will improve the Council's revenue position and assist us in delivering best value for money

4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here:

4.2.1 Local Plan

The Warwick District Local Plan 2011-2029 was adopted in September 2017 allocating land south of Coventry and in Kenilworth for development. Around 2,000 dwellings are allocated within Kenilworth and around 4,400 south of Coventry, with a significant proportion of the latter to come forward beyond the current plan period. The Local Plan is a key document in defining the future of Kenilworth, as well as the rest of the District. It has been necessary to get the Local Plan in place before deciding on the future of leisure provision in Kenilworth, as the changes introduced by the Local Plan will affect demand for sports and leisure facilities.

4.2.2 Development Brief for land east of Kenilworth

Warwick District Council has also led on the preparation of a Development Brief for land east of Kenilworth covering the strategic housing, employment and education sites. The Development Brief has now been agreed by the Council.

4.2.3 Neighbourhood Plan

Kenilworth Town Council has led on the preparation of a Neighbourhood Plan covering the whole town. The Plan has now been through its referendum process and has been made. It was approved by local residents with a 94 per cent 'yes' vote from a 29 per cent turn out. The Neighbourhood Plan will now form one of the material considerations for planning decisions in the Kenilworth area.

4.2.4 Indoor Sports Facilities Strategy and Playing Pitch Strategy

These strategies were initially established in 2015, having carried out comprehensive audits of local provision and needs. The Council formally adopted the Strategies which now form part of the base for development of the District's sporting provision. They have been key evidence documents for the Local Plan, in securing s106 contributions from developers to date and in

establishing robust relationships with Sport England and national governing bodies of sport.

4.3 Changes to Existing Policies

None

4.4 Impact Assessments

Impact assessments are a vital part of the design process for any facilities constructed through the Warwick District Leisure Development Programme. Initial considerations of accessibility and other impacts are part of the ongoing process of good design. Specific assessments will be made at several times during the design process. It has already been agreed that enhanced changing facilities for customers with profound needs will be included in the new designs. The 'Changing Places' style initiative will be used as an inspiration to ensure that those with profound needs will be able to use the new facilities.

5. Budgetary Framework

- 5.1 The wider budgetary framework for the construction of these two facilities was laid out in detail in the report to Executive made on 21st August 2019. Most of the figures given in that report, and the rationale behind them, remain unchanged at this time and so this material will not be repeated in this report.
- 5.2 However, it is clear that what has changed in the intervening time is the financial pressures on the Council created by the Covid 19 pandemic. These pressures are subject to a rapidly changing situation at the present time, when the overall financial impact of the pandemic on the Council is hard to assess with any accuracy. For example, any slowing in the construction of new houses may or may not lead to a reduction in the amounts of Community Infrastructure Levy and s106 payments received by the Council, depending on negotiations on a site-by-site basis. Similarly, the impact of the pandemic on the construction industry and on the prices that contractors charge for construction are also subject to uncertainty at present.
- 5.3 Members will recall that the agreed Medium Term Financial Strategy agreed in February included a recurring additional £0.5m revenue costs from 2021/22 relating to the anticipated servicing of the debt charges in respect of the borrowing required for the scheme. This additional £0.5m increased the recurring revenue deficit on the Council's General Fund to £1.8m, requiring this level of savings to be found. Given the impact of Covid 19 and other changes faced by the Council, the revenue deficit is now looking far greater. This will be subject to a further report to Executive in August. It will not be possible for the Council to give the go-ahead to the project to RIBA 5 unless the Council can be certain it can secure the necessary revenue savings to make up the General Fund deficit and so accommodate the additional revenue costs relating to the project. This will need to be confirmed by Members before agreeing the required capital funding. As a consequence, if the revenue savings cannot be found by the Council, it is possible that progressing to RIBA 5 may not be possible until the Council has more certainty over its future finances, which may be several years away.
- 5.4 The February 2020 Budget report also agreed one off funding of £740k from New Homes Bonus. This is to fund the additional revenue costs whilst the

scheme progresses, reflecting the costs of the operator during closure and the short term funding costs. If a future decision is taken to pause the project, Members may choose at a future date that this funding be re-allocated to other priorities.

- 5.5 The recommendations within this report propose that the Council agrees funding to get the design of this project to the end of the RIBA Stage 4 (design only) process in autumn of this year. At that point the financial impact of the Covid 19 pandemic on the Council may be clearer, the impact of any new priorities for the Council will be known and a decision can be made at that time as to the future of the project.
- 5.6 As shown in Table Two above, the impact of uplift and prolongation on the cost of the Design Team and the cost of other surveys and services is that the project currently has a shortfall of £391,000 to get to the end of the RIBA Stage 4 (design only) process.
- 5.7 It is proposed that this shortfall should be met from the Service Transformation Reserve for the financial year 2020/21. The total available in this Reserve is £768,000. It is therefore proposed to use some of this Reserve in order to ensure this project is able to progress to the end of the RIBA Stage 4 (design only) process.

6. Risks

- 6.1 The greatest risk to this project at present is the Covid 19 pandemic. This is having unprecedented impacts on the Council's finances, on the construction industry and on the national economy. The importance of the impact of the pandemic is already clear, but the actual magnitude of the changes it will produce is not yet known. Officers will monitor the impact of the pandemic on the project very closely and respond quickly to any new problems or opportunities created.
- 6.2 If the project does not go ahead then there is a risk that the required amount of indoor water space for swimming will not be available for the increased population in the Kenilworth area of the District. This will mean that local residents will have less access to indoor water space for swimming than is recommended by Sport England.
- 6.3 A Project Risk Register has been established for the current stages of the project. The Risk Register will be kept up to date throughout the project, and its content monitored regularly in order to manage risk within the project. Risks at this stage of the project include:
- Insufficient funds are available to continue with these proposals
 - In particular, the financial impact of the Covid 19 pandemic increases financial pressures on the Council to the extent that this project cannot continue
 - Work does not proceed and so these facilities are not the equal of Newbold Comyn Leisure Centre and St Nicholas Park Leisure Centre
 - Ongoing maintenance issues of existing buildings
 - Loss of income from not improving buildings
 - Heritage, car parking and other constraints limit development choices
 - Uncertainties over the Kenilworth Wardens relocation project impact on the Castle Farm proposals and particularly the planning application

6.4 A full Risk Workshop will be undertaken with professional services advisers and the Design Team at the beginning of the RIBA Stage 4 design process, before technical design has commenced. The Risk Register will be completely updated after this Risk Workshop.

7. Alternative Option(s) considered

7.1 It would be possible to not undertake any improvements to the facilities at Castle Farm and Abbey Fields. If this decision was to be made then these two buildings would not have the same sort of aspirational, successful and modern facilities as the Council has provided at Newbold Comyn and St Nicholas Park. These two facilities would not be contributing to encouraging the District's residents to adopt an increasingly healthy lifestyle in the same way as the two refurbished facilities. Income from the contract with Everyone Active would not be maximised because attendance and income would not be enhanced by newer facilities. The opportunity would be lost to bring the buildings up to modern design standards, particularly with regard to sustainability. The buildings would not be prepared for use for another 30 years.

7.2 It would be possible to freeze the current design process for the two facilities until the financial impact of the Covid 19 pandemic on the Council is known in more detail and the priorities of the Council for major projects are more clearly known. However, to delay the project in this way would lead to increased costs for prolongation and for inflation. If the freeze was for more than a few weeks, the current Design Team would probably be re-deployed onto other projects, leading to a lack of continuity and additional re-start costs.

8. Background

8.1 The Leisure Development Programme was commenced in 2015 after a strategic review of the existing sports and leisure centres owned by Warwick District Council. Phase One of the District-wide Programme was to thoroughly re-build the Newbold Comyn and St Nicholas Park Leisure Centres. This Phase was completed in 2018. Phase Two is intended to completely demolish and re-build the Castle Farm Recreation Centre and Abbey Fields Swimming Pool, both in Kenilworth.

8.2 The design process for the Castle Farm Recreation Centre has reached the end of RIBA Stage 3 and the RIBA Stage 3 report for this building has been signed off by the Project Board. The design process for the Abbey Fields Swimming Pool is in the RIBA Stage 3 process now.

APPENDIX:

A: Sustainability options for mechanical and electrical installations