

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	31 ST OCTOBER 2016	AGENDA ITEM:	11
TITLE:	REVIEW OF LEISURE FACILITIES AND FUTURE PROVISION		
LEAD COUNCILLOR:	PAUL GITTINGS	PORTFOLIO:	CULTURE, SPORT & CONSUMER SERVICES
SERVICE:	LEISURE & RECREATION	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Policy Committee at its meeting on the 30th November approved the commencement of a procurement process to seek external support and investment to secure the improvement of the Borough's leisure facilities. This report provides an update to Policy Committee on progress with the procurement, the facilities to be provided and includes an update on related issues such as the delivery of a demountable pool at Rivermead to provide continuity of provision following a planned closure of Central Pool in December 2017. The report seeks Policy Committee's endorsement of the actions to date and the proposed procurement process.
- 1.2 Appendix 1 provides some illustrative photographs of the type of demountable pool to be provided at Rivermead and some early indicative images of the proposed new pool at Palmer Park Stadium. Appendix 2 gives an outline timetable for the procurement process and the subsequent development and delivery of new facilities.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee notes and endorses the work undertaken to date to deliver a demountable pool at Rivermead and to progress the procurement process for investment to secure the improvement of the Borough's leisure facilities as set out in paragraph 4.1.
- 2.2 That Policy Committee endorses the procurement strategy as outlined in paragraph 4.2.
- 2.3 That Policy Committee notes the overall timetable for the procurement process and delivery of new facilities as set out in paragraph 4.2 and Appendix 2.
- 2.4 That Policy Committee notes and welcomes the continuing support of Sport England for the Council's planned replacement of Central and Arthur Hill swimming pools as set out in paragraph 4.1.

3. POLICY CONTEXT

- 3.1 Reading has a range of leisure facilities that are of mixed quality and the Council has identified the need for investment to modernise the leisure estate. The Council recognises that the provision of suitable and readily accessible sports facilities underpins participation in sports and physical activity and supports the delivery of the social and economic benefits that can be attributed to an active community. Reading needs a leisure offer that reflects its status as a sub-regional 'capital' and that aligns with the Council's wider policies and priorities, including public health objectives and tackling inequality.
- 3.2 The Council's Corporate Plan 2015-18 specifically identifies a review of the current leisure offer as a priority in order to deliver key objectives regarding improving quality of life and health and well-being, especially as regards reducing inequality and poor outcomes for some of our residents.
- 3.3 Policy Committee in November 2015 endorsed the key findings of the Leisure Review and the recommended way forward: The findings of the facilities needs assessment were that whilst there is sufficient pool space in the Borough the quality of provision needed upgrading. The options appraisal recommended the replacement of the most outdated facilities with more modern cost-effective leisure facilities that would also offer a much better service to residents and users. Specific proposals included: a new competition standard pool and related indoor leisure provision, including sports hall, to replace Central Pool; a new 'neighbourhood' pool at Palmer Park to replace Arthur Hill Pool; and investment in other retained facilities (Meadway Leisure Centre and Palmer Park Stadium). Re-provision of diving was also explicitly incorporated. Policy Committee also agreed a planned closure of Central Pool with provision of a demountable pool at Rivermead to provide continuity of provision. Committee approval was also secured to commence a procurement process to seek an operator to secure the improvement of the Borough's leisure facilities as outlined above.

4. THE PROPOSAL

4.1 Current Position:

Demountable Pool

As reported to Policy Committee in November 2015, a range of urgent works were required at Central Pool to address health and safety issues and to prevent further deterioration and reduce the likelihood of building or plant failure. These works were completed in January 2016 with the aim of enabling the pool to remain operational until a planned closure in December 2017. The condition of the building and plant is being closely and regular monitored and Central Pool continues to be well used.

In parallel work has continued to secure the delivery of a demountable pool at Rivermead. The Council has been working co-operatively with Greenwich Leisure Limited (GLL) and their design consultants to deliver a temporary pool at Rivermead to enable the planned closure of Central Pool and detailed design work is well underway. GLL have agreed in principle to manage the demountable pool and Heads of Terms for a management agreement are in the process of being agreed. Whilst the final design details are being finalised the work has been tendered and a preferred contractor selected (though a contractual commitment has not yet been entered into). A planning application for the demountable pool will be submitted in mid-November and the project is on schedule for the demountable pool to be operational from the beginning of January 2018. Appendix 1 gives some indicative images of the quality of the swimming offer at comparable pools.

Resourcing the Leisure Procurement

A procurement of this scale is inherently complex and to be compliant with procurement regulations requires a great deal of work to be carried out in advance of formally seeking tenders. In order to manage this complex procurement process effectively and efficiently the Council has appointed an external dedicated project manager and a leisure specialist consultancy to support and provide expert advice. In addition, specialist legal advice and capacity has been sourced through Hampshire County Council. These resources have been integrated into an internal project team involving officers from leisure, public health, legal, finance, procurement and human resources. The Director of Environment & Neighbourhood Services is the project sponsor and the Head of Economic & Cultural Development the Lead Officer.

Siting of New Facilities

A new 25m 6 lane 'community' pool at Palmer Park to replace Arthur Hill was explicitly referenced in the November report to Policy Committee and this proposal will be incorporated as an essential part of the specification for the procurement. Further site investigations have been carried out to ensure that delivery of a pool at Palmer would not be prejudiced by ground conditions given the known issues with former chalk mines in the vicinity. These site investigations have indicated that there are no issues with ground condition that would impede development of a pool adjacent to the existing facilities. Development of the new pool and detailed design will of course be subject to the statutory planning process, which will include public consultation. An indicative illustration of a new pool linked to the existing facilities at Palmer Park Stadium to provide a multi-sports hub is attached at Appendix 1.

Further work has been undertaken into assessing the feasibility of locations for a new competition pool to replace Central. With significant space available, land adjacent to Rivermead is the Council's preferred location for a new competition pool at this stage. Additional feasibility work is currently being undertaken to establish the most appropriate position and outline design. This work has also included a range of site surveys / investigations to inform design and to meet the requirements of a full planning application in due course.

The existing leisure facilities and activities held in this area, set against the backdrop of the River Thames and adjoining parkland, provide a unique opportunity to develop a principal recreational and leisure destination or hub offering a wide range of formal and informal facilities. The provision of a new competition pool and additional dry-side facilities in this location will play a key part in fulfilling this vision for the Rivermead area.

Specifications

With significant financial constraints facing the Council now and into the future, affordability of any eventual set of proposals for the leisure estate is a critical driver for the procurement. Maximising the affordability of potential solutions to deliver the Council's aspirations has been a key guiding factor for the work to date, along with the requirement for a pool at Palmer Park to retain a good geographic spread of facilities. The agreed minimum specification for the new competition pool to be provided is therefore an 8 lane 25m pool with a separate flexible diving/learning pool. This will be complemented by a new 6 lane 25m pool at Palmer Park linking to the existing facilities to deliver the replacement facilities for Arthur Hill in the east of the Borough. This potentially will provide the most affordable solution whilst meeting the requirement for a geographic spread of facilities. The current proposal is that existing swimming and leisure facilities at South Reading and Meadway will also be retained and improved.

These base specifications will be set-out as part of the 'employers minimum requirements' for the procurement process and it will be for bidders to develop their proposed optimum design solutions to meeting these requirements. This does provide scope for bidders to offer different or enhanced solutions through the procurement process.

Of course the service specification will involve much more than the physicality of new facilities and incorporate a range of issues and performance requirements. In particular the service specification will set-out the Council's expectations and requirements with regard to health and well-being outcomes and catering for Reading's diverse needs and demography.

The detail of the specifications is currently being worked up and will form part of the suite of procurement documents that bidders will respond to.

Sport England

Sport England is the Government's primary strategic agency tasked with delivering the key outcomes of its sports and physical activity strategy, including investing in new facilities where this is seen to be critical to driving participation and access. Sport England has identified Reading's proposed development of new facilities as strategically significant and a potential project for them to fund with a capital contribution of £1.5 - 2m. This is in recognition of the real potential that better quality facilities brings to driving up participation and delivering better health and well-being outcomes in the area. Funding from Sport England would be awarded subject to a funding application process and the facilities meeting their specification requirements and in this regard they are helpful as critical friends throughout the procurement process. The Council is being directly supported by Sport England's capital projects team who have a wealth of experience, including comparable complex procurements where they are an investor. Sport England's expertise and time is given at no cost to the Council.

4.2 Options Proposed

Demountable Pool

It is proposed that the well-developed plans for a demountable pool at Rivermead in co-operation with GLL be progressed with a view to enabling a planned closure of Central Pool in December 2017.

Leisure Procurement

It is proposed that the procurement strategy is a competitive dialogue process for a 'Design, Build, Operate and Manage' (DBOM) contract in order to speed up as far as possible the route to market, drive the best possible value for money and transfer delivery risk to a new operator. The key stages of this procurement process are set out below and an outline timetable is attached at Appendix 2 that indicates the award of a contract to a new leisure operator by January 2018 who would then run the existing facilities from Spring 2018 and aim to deliver the new facilities early in 2020. This timetable is considered achievable but timescales for building out the new facilities will be dependent on the complexity and deliverability of the selected Contractor's proposed solutions. Certainty on the delivery timetable will be established as the procurement progresses.

The outline stages and timetable for the procurement are detailed below:

Stage 1 - Procurement Documentation & Pre-Qualifying Questionnaire (PQQ)

Procurement documentation work well underway
OJEU notice and PQQ documents issued February 2017

Stage 2 - Submission of Outline Solutions

May 2017

Stage 3 - Submission of Detailed Solutions and Dialogue

November 2017

Stage 4 - Final Tender and award

January 2018

New contractor operating existing facilities from Spring 2018 following a mobilisation period and delivering a new competition standard pool with diving provision to replace Central and a new 'Community Pool' at Palmer Park Stadium by early 2020.

As outlined above, a DBOM procurement of this scale is inherently complex and requires a great deal of work to be carried out in advance of the PQQ stage. The DBOM contract that incorporates the suite of procurement documents is currently being drafted using a detailed Sport England procurement toolkit that is widely recognised as an industry standard. This toolkit provides a framework for developing a bespoke specification to meet Reading's requirements and this will be fully completed early in the new-year.

4.3 Other Options Considered

With regard to the procurement process the Council has been advised by its leisure specialist consultants with regard to a range of options. The direct delivery of new replacement facilities by the Council (design and build) and then limiting the procurement solely to the management of the Council's facilities, both new and existing, was considered. Whilst this has the advantages of simplifying the procurement process and having greater control over the design process, it has a number of significant disadvantages:

- It delays early engagement with the market to drive a competitive process to secure the most cost-effective solution;
- It reduces operator input into the design of facilities which risks sub-optimal solutions with regard to meeting customer expectations, operational efficiency and income potential.
- It means that all the delivery risk on the construction of new facilities and the build cost would reside with the Council rather than be transferred to the operator as in the DBOM model.

This option has therefore not been taken forward.

In relation to the minimum specification for the competition standard pool to replace central, consideration has been given to the option to specify a 50m pool. The key conclusions of the Facilities Needs Assessment were that although the quantum of water space in the Borough was sufficient, quality needed to be improved. Taking into account the value of a geographic spread of swimming facilities it recommended that a 6 lane 25m pool be provided at Palmer Park Stadium (replacing Arthur Hill) and that Central be replaced with a County standard 8 lane 25m pool to incorporate

provision for diving. Given the Council's clear commitment to a new pool at Palmer Park Stadium providing a pool at Palmer Park Stadium and a 50m replacement for Central would be an over-provision of water space relative to the needs / demand identified. Implicit in this view is that over provision could negatively impact on the revenue performance of all the swimming provision through a dilution of income generation potential at each facility. A 50m pool would also be significantly more expensive to build and run than a 25m competition standard pool and is therefore likely to impact negatively on affordability. For these reasons, and with affordability being a critical consideration, the minimum specification is for the 25m 8 lane competition standard pool with provision for diving (and other deep water activities such as synchronised swimming). As noted in section 4.1 of the report above, it will be for bidders to develop their proposed optimum design solutions to meeting the Council's requirements and this does provide scope for bidders to offer different or enhanced solutions through the procurement process.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals set-out in this report for a major enhancement in the quality of the leisure estate and in the attractiveness of local facilities for residents, employees and visitors in Reading primarily contribute to the following priorities in the Corporate Plan:

- Providing the best start in life through education, early help and healthy living;
- Keeping the town clean, safe, green and active;
- Providing infrastructure to support the economy.

5.2 A key driver for the provision of high quality leisure facilities is to promote the health and well-being of the population. New facilities generally result in increased level of use and participation in the communities they are located. In turn this provides more opportunities to target specific initiatives to increase engagement and participation from those on low incomes or who have a range of health conditions that can be ameliorated through exercise and well-being programmes.

5.3 Replacing ageing and outdated facilities with modern ones will also have significant benefits in reducing levels of energy use, contributing to both sustainability and cost-effectiveness.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 Consultation with key stakeholders was carried out as part of the work to develop the indoor sports facilities strategy, including a range of sports clubs and operators. Consultation has also involved the Amateur Swimming Association (ASA) and Sport England to ensure that lead governing bodies for a variety of sports have been able to directly influence the strategy and are confident that it reflects their interests and input.

6.2 Following the report to Policy Committee in November 2016 that clearly set out the Council's intentions to upgrade the Borough's leisure facilities, a number of stakeholders have communicated their aspirations for the quality and specification of new provision, including swimming, diving and basketball clubs. Whilst the Council will ultimately need to balance these aspirations against cost and affordability in order to ensure that greatly improved facilities are delivered, the aspirations of local clubs will form part of the information that bidders receive and will need to respond to. Further and ongoing consultation with stakeholders and the public will be carried out over the coming months and as more detailed proposals are developed for both new and refurbished facilities.

- 6.3 Both the demountable pool at Rivermead and the proposed new facilities to replace Central Pool and Arthur Hill Pool will require planning permission and be subject to statutory public consultation at the appropriate time.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 It is not considered that an Equality Impact Assessment (EIA) is relevant to the decision at this stage. It is anticipated that an EIA will be relevant to the future decisions required regarding the provision and location of permanent new leisure facilities and this will be undertaken in parallel with the development of more detailed proposals. This will enable an outline EIA to be incorporated within the procurement documentation so that bidders can address equalities issues and mitigation of any impacts.

8. LEGAL IMPLICATIONS

- 8.1 The provision of a demountable swimming pool is classified as a Works contract and the cost falls well below the threshold which would require an OJEU advertisement for a Works contract. The procurement of a demountable pool will be conducted in accordance with the Council's Contract Procedure Rules. Policy Committee on the 30th November 2015 delegated the finalisation of the procurement arrangements, the negotiation with GLL on specification and management arrangements and authority to enter into the necessary contract/s for the demountable pool to the Director of Environment and Neighbourhood Services in consultation with the Lead Councillor for Sport, Culture & Consumer Services, the Head of Finance and the Head of Legal & Democratic Services.
- 8.2 The procurement processes for new leisure facilities will need to be compliant with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules and involve advertisement in the Official Journal of the European Union. The project team to manage the procurement has the necessary expertise to ensure such compliance.
- 8.3 The Council provides its leisure facilities under the provision of Section 19 of the Local Government (Miscellaneous Provision) Act 1976.

9. FINANCIAL IMPLICATIONS

- 9.1 The approved capital programme includes an allocation of up to £2m for the cost of delivering the demountable pool at Rivermead.
- 9.2 The financial implications will only be fully understood as the procurement process proceeds but the approach adopted will drive the best value possible from a competitive leisure operator market. The basic premise (supported by the feasibility and options work already undertaken) is that new and improved leisure facilities will increase participation rates and income across the whole leisure estate so that they run at an operating surplus. A proportion of this operating surplus will be paid to the Council by the leisure operator and this payment can then be used to cover the costs of Council borrowing capital to build and refurbish the leisure facilities (the Council

can borrow at much more favourable rates than leisure operators so this is the most financially advantageous model for a major leisure procurement).

10. BACKGROUND PAPERS

10.1 'Review of Leisure Facilities and Future Provision' - Report to Policy Committee 30th November 2015.

'Budget Savings Proposal: Arthur Hill Pool' - Report to Full-Council 17th October 2016.

Reading Borough Council Indoor Sports Facilities Needs Assessment - The Sports Consultancy, October 2015.

Options Appraisal and Feasibility Study for the Development of Leisure Centres Across the Borough - The Sports Consultancy, October 2015.

(This document contains exempt information by virtue of Paragraph 3 of Schedule 12A (as amended) of the Local Government Act 1972 (as amended) and is not open to public inspection in accordance with the commercial sensitivity exemption contained within Part 2 Section 43(2) of the FOI Act).

Reading Borough Council Central Pool Condition Survey - Faithful Gould, April 2015.

Reading Borough Council Arthur Hill Baths Condition Survey - Faithful Gould, April 2015.

APPENDIX 1







PALMER PARK
SPORTS STADIUM

E11

Reading Leisure Project Timeline

October 2016

