



Leicester
City Council

WARDS AFFECTED: North Braunstone and City-Wide

CABINET

17th June 2002

BRAUNSTONE LEISURE CENTRE – APPROVAL TO PROCEED

Report of the Acting Corporate Director of Cultural Services & Neighbourhood Renewal

1. PURPOSE OF REPORT

The purpose of this report is to seek approval to the financing of the Project to enable it to proceed to the next stage of development.

The report details progress on the project and the development of the overall capital funding package; the steps taken to attract additional funds and reduce expenditure; and seeks approval to an increased contribution from the City Council to enable the project to proceed.

2. SUMMARY

The Braunstone Leisure Centre project will replace swimming and dry sport facilities no longer available following the closure and subsequent demolition of St. Margaret's Baths and Granby Halls Leisure Centre.

The original project approved by members was for a leisure centre in Braunstone consisting of a diving pool, 25 metre short course pool, 6 badminton courts, bar, cafeteria, fitness suites, ancillary rooms, crèche and education provision.

The estimated cost of the Leisure Centre at that time was £11 million and included contributions from the City Council, Sport England and the Braunstone Community Association, as key partners in the development of the project.

Applications for funding from European, Objective 2 and other grant giving bodies was also part of the funding package.

The initial Sports Lottery bid for £3 million was unsuccessful. The Lottery Board were supportive of the scheme but were unable to contribute to the level required due to national policy changes and a reduction in the level of funding available to meet known requirements.

To that end adjustments were made to the original scheme, the diving element of the pool removed and a revised submission made. This scheme applied for £2 million lottery funding in November 2001 and was successful.

However the ERDF Objective 2 funding application was not supported and the level of contribution from the BCA was not as great as originally had been hoped for.

A full review of the funding package was, therefore undertaken and a range of partners established including the City Council, New Opportunities Fund, Sport England and BCA.

The project is currently managed with the support of an external project management company (MACE). Joint work with the BCA has ensured that there is agreement to contribute a sum of £1million towards the capital cost of the project. Additional financial support to the project has been obtained from the New Opportunities Fund for £300,000. All of these funding contributions are dependent on a range of conditions and have a level of risk associated with them. As part of the agreement with BCA, it is envisaged that a sale of land to the BCA will generate a further £0.7m to contribute to the project.

To achieve the indicative timelines set for the project it is now necessary to confirm support for the project to proceed and agree an increased financial contribution from the City Council.

3. RECOMMENDATIONS

3.1 Cabinet to confirm its support for the development of the Braunstone Leisure Centre at a total estimated cost of £9,878,741 and approve the Councils contribution to the scheme totalling £6,578,741 as detailed in the report.

3.2 To approve additional City Council funding from "corporate" capital resources of £2,878,741, to be funded by:-

- a) reducing the cost of the Bursom Sub Station by £400,000 to £1,400,000;
- b) reducing the cost of the relocation of the registration office scheme by £320,000 to £500,000, if approved by Cabinet on 15th July
- c) increase the corporate capital receipts target in 2002/03 by £600,000 as a consequence of the revised registration office scheme; subject to approval by Cabinet on 15th July
- d) move the Saffron Lane scheme (£600,000) from the approved capital programme to the reserve programme;
- e) approve the use of a further £958,741 of "corporate" capital programme resources from the current capital programme contingency of £2m.

3.2 To authorise the Acting Corporate Director in consultation with the Cabinet Members Working Group (CMWG) to approve the procurement arrangements and authorise the appointment of Architectural Services, Quantity Surveying and Cost Consultancy, M&E Services (including design and structural engineering services.

- 3.3 To authorise the Head of Legal Services to enter into contracts where appropriate, for the appointment of consultants.
- 3.4 To approve progression to the Project Authorisation stage in accordance with the Council's Project Management Standards in order that the project can commit to Start Up and Outline Design stage.
- 3.5 To approve the ringfencing of specific land sales to the BCA for this project, at an estimated £0.7m.
- 3.6 To increase the City Council's contribution to the Project by £2m instead of ringfencing the receipts from the sale of St. Margaret's Baths and Granby Halls Leisure Centre (estimated at £2m). The overall impact of this on the Council's corporate resources is nil, assuming the receipts are achieved.

4. FINANCIAL AND LEGAL IMPLICATIONS

FINANCIAL

- 4.1 The current funding package for the Braunstone Leisure Centre project is based on an estimated cost of £9,878,741 at 3rd quarter 2003 prices is as follows: -

<u>Leicester City Council</u>	<u>£m</u>
Approved Capital Programme	1.0
Cash in lieu of land sales from St. Margaret's/Granby Halls sites	2.0
Land sales to BCA (estimated)	<u>0.7</u>
	3.7
 <u>Other Partners</u>	
Sport England	2.0
BCA (This funding is dependant on a successful bid application to the BCA and the bid receiving GOEM approval)	1.0
New Opportunities Fund	<u>0.3</u>
 <u>TOTAL</u>	 <u>7.0</u>

- 4.2 Further work on identifying sources of additional funding has been undertaken in partnership with Focus Consultants but they have not proved successful.
- 4.3 Reductions in expenditure of £383,000 have been identified by a number of measures including the reduction in sizes of the fitness area, bar and cafeteria and circulation routes. These reductions have been incorporated within the scheme costs.
- 4.4 The funding gap therefore is £2,878,741

4.5 The following additional funding is recommended to bridge this gap.

	<u>£</u>
Savings on the relocation of registration office	920,000
Reduction in the cost of the cost of the Bursom	
Generator scheme	400,000
Saffron Lane – move to reserve scheme	600,000
Reduction in capital programme contingency	<u>958,741</u>
	2,878,741

- 4.6 In January 2002, Council approved expenditure of £1.8m from “corporate” capital resources to build a sub station at Bursom. Negotiations are ongoing with EME. However, it is now estimated that the cost of the scheme will be less than originally anticipated. It is recommended that the scheme be reduced to £1,400,000, with the £400,000 saving being committed to the Braunstone Leisure Centre.
- 4.7 Due to changes in legislation affecting the provision of the registration service, proposals will be made to approve an amended Registration Office scheme, which will provide a better service at a reduced cost. Recommendations will be made to Cabinet on 15th July, and if approved, the cost of the scheme will be reduced by £320,000 and an additional £600,000 of capital receipts will be generated. It is recommended that this additional funding of £920,000 is committed to the Braunstone Leisure Centre.
- 4.8 In January 2002, Council made provision for expenditure of £600,000 in the event of redevelopment of Saffron Lane by the Leicester Riders in order to provide temporary funding for the scheme. It is not expected that any financial commitment is likely to be required in the near future and it is therefore recommended that the scheme is removed from the approved capital programme and added to the list of reserve schemes approved by Council. Reserve schemes are dependant upon further resources being received from the sale of land at Bursom as a result of building a new sub-station on the site, which will provide the necessary funding for the reserve programme.
- 4.9 When the capital programme was set a contingency was agreed. The contingency currently stands at £2m. It is recommended that the balance of the required funding of £958,741 is provided from the contingency. This will leave a contingency of over £1m over the 3 year programme.

4.10 LEGAL IMPLICATIONS

Appointment contracts will need to be entered into with external consultants. The Councils Project Management Company (MACE) has been responsible for the placing of notices and for the adoption of selection criteria and processes. Funders will place conditions upon their funding and will require formal funding agreements. The Acting Director will need to satisfy himself that these conditions can be met and have no unacceptable implications for the Council, and that funding commitments necessary for the relevant stage in the project have been secured before associated expenditure commitments are made, in consultation with the Cabinet Members Working Group.

The procurement processes for the first wave consultants are set out in the supporting documentation.

5. RISK ASSESSMENT

Of the £7m funding identified to date; £3m is secure; £2.3m is ringfenced and is subject to City Council compliance with the conditions for funding and £1.7m is subject to negotiations with the BCA. Of this, £1m has been agreed and a protocol agreement signed. However, this will be dependent on a successful detailed bid to BCA and approval by GOEM. The remaining £0.7m is subject to agreement on land sales to the BCA as part of the protocol agreement. The land in question is in the Council's ownership and could be sold on the open market if agreement cannot be reached with the BCA.

Whilst there is still a degree of risk associated with the funding package, I consider that in order to keep within the indicative timetable outlined for the project, it is reasonable to proceed to the next stage of Start Up and Outline Design including the appointment of architects and other consultants. A decision on this is needed by the end of June to avoid delay in implementing the scheme.

A further review of the funding package and any unresolved risks associated with it will be undertaken before proceeding to the construction phase and the commitment of the majority of the Capital expenditure. Expenditure being programmed in advance of the contractual commitment is expected to be between 5 and 10% of the total capital cost.

Another potential risk to the Project has been the recent announcement of proposals to consult on the provision of a new school in the area including the former Wycliffe school site – the agreed site for the Braunstone Leisure Centre. Officers of Education, Cultural Services and Property Services have carried out a desk-top impact assessment which has identified that the proposed school could be accommodated on the Wycliffe/Queensmead site following construction of the Leisure Centre.

6. OFFICERS TO CONTACT

Report Author
Paul Edwards
Acting Service Director – Parks and Sports
Tel. 252 7380

Richard Watson
Acting Corporate Director of
Cultural Services & Neighbourhood Renewal
Tel. 252 7300