

Report to the Council

Committee: Cabinet

Date: 1 November 2018

Subject: Leisure Management Contract - Supplementary Capital Estimate

Portfolio Holder: Councillor H Kane (Leisure & Community Services)

Recommending:

- 1. That a Supplementary Capital Estimate in the sum of £225,000 be approved to meet unanticipated costs in relation to the construction of Waltham Abbey Leisure Centre and other Leisure Centre refurbishments at Loughton Leisure Centre and Epping Sports Centre; and**
 - 2. That in addition a further Supplementary Capital Estimate is sought from Council in the sum of £475,000 to undertake the partial demolition of the vacant buildings on the former Junior School site in St John's Road, Epping, and also to undertake site investigation surveys.**
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1. After a competitive dialogue procurement process, the Council appointed Places for People Leisure Ltd (PfP) as its partner for the development and management of its Leisure facilities. Under the terms of the 20-year contract, Places for People on a design build basis, have constructed a new Leisure Centre at Waltham Abbey and undertaken significant refurbishment and extension projects at Ongar, Epping and Loughton Leisure Centres. This report seeks additional unanticipated capital expenditure arising from the construction works.

2. The Statement of Common Ground between the District Council and Sport England highlights specifically the requirement to undertake further feasibility work to support the relocation/provision of any future Leisure facilities. With the failure to achieve a mutually agreeable sale of the St John's Road site, the option of relocating Epping Sports Centre on to the site now becomes a potential option. Irrespective of the final form of any future development, in order to mitigate any further site security expenditure and to inform the quantum of potential development costs, funding is sought for partial demolition and site investigation surveys to be commissioned.

Leisure Centres

3. Bidders for the Leisure Management contract were advised as part of the procurement process, that the Council would make up to £20 million available of Capital borrowing to build the new Leisure Centre at Waltham Abbey, and fund any refurbishment proposals for the other Centres. Places for People have borrowed a sum of £13.5 million from the Council which they will repay over the length of the contract at a competitive interest rate. The new Waltham Abbey Leisure Centre that Places for People have designed and built to meet the Council's requirements is due to open on the 17 November 2018. However, there have been a number of unanticipated items of Capital expenditure, outside of the contract which are the responsibility of the Council. In summary, they are:

- a) Sauna and Steam room - £75,000;
- b) Section 278 Highways works - £13,000;
- c) Utility and Telecommunication Works - £46,000;
- d) Upgrade to CCTV Systems - £14,000;

Loughton Leisure Centre

- a) Security Shutters – £4,000;
- b) Accessible Handrails - £4,000;
- c) Air Conditional Upgrade - £45,000;

Epping Sports Centre

- a) Fire Alarm/Intruder Alarm Upgrade - £14,000;
- b) Gymnasium Floor Repairs - £10,000.

St John's Road Site

4. Despite an extensive period of negotiation, it has not been possible to conclude a mutually agreeable sale of the St John's Road site to Frontier Estates. Since the District Council purchased the former Junior School Site from Essex County Council, it has incurred considerable costs in monitoring the security of the vacant site which has attracted ongoing anti-social behaviour and attempted incursions. To mitigate these costs and on the assumption that the site will still be developed for an alternative scheme, it is recommended that the current unoccupied buildings be demolished, with the exception of the buildings highlighted as of Heritage merit within the Local Plan Site Specific Requirements EPP.R4. The demolition will be subject to the necessary planning requirements. It is estimated that supplementary expenditure in the sum of £400,000k will need to be sought from Council if this is to be achieved within this financial year. Similarly, to ensure progress on any form of redevelopment, site investigation works will be required. These specialist surveys will also need to be funded at a cost of £75,000.

Conclusion

5. We recommend as set out at the commencement of this report.