

Taunton Deane Borough Council

Executive – 12 September 2012

Update on proposal to build a swimming pool at Blackbrook Pavilion Sports Centre and refurbish Station Road Pool

Joint report of the Strategy and Performance Manager and the Environmental Health Lead

(This matter is the responsibility of Executive Councillor Catherine Herbert)

1 Executive Summary

- 1.1 This report updates the position from the April 2012 report to Executive which should be referenced in conjunction. As a result, consultants were appointed to undertake financial modelling and provide independent advice.
- 1.2 The report sets out proposals for providing a new 25 metre pool with learner pool and associated spa and café facilities located at Blackbrook Pavilion; the refurbishment of Taunton pool and; closure of St James Street pool.
- 1.3 An independent report has been commissioned by the Council on future swimming demands and business modelling, which tested the affordability of the proposals. This was a high level report to test the viability of the proposals and to provide the Council with independent advice. The report concludes that the income/revenue generated from the proposed changes could service between circa £3.5m to £4.5m of capital borrowing through a range of potential funding models.
- 1.4 Models for project procurement have been analysed. It is a preferred route that, subject to further specific advice on tax issues, Tone Leisure leads on the procurement and funding of the new pool, the capital costs funded through borrowing and the loan serviced by new projected income/revenue savings from the new pool and the proposed new associated spa and café. There will be a requirement to extend the existing term of Tone Leisure management contract and leases to enable this.

2 Background

- 2.1 This report sets out options and proposals to build a new public swimming pool in Taunton and refurbishment of an existing pool to provide future public swimming

provision. Background papers on the need for future provision and business modelling are referenced at the end of this report.

- 2.2 This report originated from the findings of the Swimming Task and Finish Review and the resultant report that was supported by Corporate Scrutiny and Executive to investigate future swimming delivery options for Taunton. A leading option to address this is to build a new pool at Blackbrook Pavilion. A summary of the issues are detailed in Appendix A.
- 2.3 The Swimming Task and Finish Review very quickly concluded that St James Street Pool in particular was nearing the end of its life which the Council was totally financially unprepared for and lacked any contingency or long term plan. Without taking action, Taunton would be unable to offer swimming facilities for primary schools and swimming clubs or would have to sacrifice public swimming at Station Road Pool to do so. In addition to school swimming and clubs, the extensive 'Swimskool' lesson programme would be disrupted/stopped. Furthermore, sudden closure of St James Street would cost the Council money, as currently St James Street makes a financial contribution to leisure, due to the way in which it is programmed.
- 2.4 The alternative would be to continue to invest increasing amounts of public money in the futile hope that St James Street Pool could be kept operational into the long term.
- 2.5 The issues with Station Road Pool were also of great concern in that the capital investment needed to continue to operate was significant and that further investment would also be needed to ensure that the pool would continue to be attractive to users and to prevent future decline in membership. The Task and Finish Review broke this work down into 'essential' and 'desirable' works.
- 2.6 A wealth of research and evidence from external agencies and the Council's leisure management operator, Tone Leisure, has been reviewed to help inform the potential solutions.
- 2.7 On the 11th April 2012, the Executive considered a comprehensive report which identified some principle propositions:
 - Three outline procurement models for funding and delivering a new pool, circa £2.5m -£3m.
 - The potential of new associated 'commercial income generating facilities'.
 - The needs for capital spend on major refurbishment of Taunton Pool (Station Road) of £1.5m to £1.8m, including essential and desirable works.
 - The closure of St James Street pool and disposal of the site.

- 2.8 To test the propositions, a budget of £20,000 was approved to fund specialist consultants' work on operational/business affordability modelling, procurement advice, leisure management contract implications for the new pool and impact on the existing pools to service borrowing. The work would involve close liaison with Tone Leisure.

3 Timetable

- 3.1 All parties are agreed there are pressing issues of the current pools continuing to deteriorate with the resulting adverse impact on local users and the rising costs of maintenance. Therefore there is an imperative to progress the project expediently.

The Committee timetable is currently:
Corporate Scrutiny Committee - 16th August 2012
Executive - 12th September 2012
Full Council – 2nd October 2012

- 3.2 The Tone Leisure Board have unanimously agreed the proposals in principle.
- 3.3 Detailed work can then progress on the various aspects of the project as outlined earlier, to develop a detailed Business Case including achieving the first stage of cost confidence on the overall scheme. This will take around six weeks to complete. The aim is to report back to the Executive meeting on the 5th December 2012, seeking the necessary approvals for the pool project to commence.
- 3.4 The new pool, spa and café could be open by early summer 2014 on the basis that Tone Leisure lead on the project procurement and funding including submission of the planning application.

4 Options for funding and building a new pool

Business Modelling

- 4.1 Officers have undertaken extensive research into the various options on how to fund and deliver a new pool, with agencies including the Amateur Swimming Association, Sport England and other local Authorities.
- 4.2 It was evident that in the absence of any substantial Council capital receipts or substantial external grants to carry out the project, the only route forward for a council-funded development was to explore prudential borrowing that could only be approved with a clear business case that demonstrated how it would be repaid.
- 4.3 Although there is potential that future Community Infrastructure Levy (CIL) monies could be set aside for a new pool, its status as a CIL priority and the timing of

funding has yet to be agreed by Council. Consequently this project has proceeded on the basis that prudential borrowing by the Council or the Council's contractor funding the project would be required with a clear business case.

- 4.4 To address this, an independent study was commissioned from FMG Consulting (attached as Appendix F), a specialist company who carry out business modelling for the leisure industry and local authorities. FMG worked closely with Tone Leisure and officers to produce their report.
- 4.5 The modelling was carried out using an industry standard analysis of the local population on current and future demand for swimming, health and fitness, and overall swimming provision including the impact of the proposed housing growth, likely new users and existing providers with a range of possible results on projected income.
- 4.6 Based on a future scenario of a new pool at Blackbrook, a refurbished Taunton Pool and St James Street Pool closed, the comprehensive FMG report identified that there is a positive potential for funding the development of the Pool.¹
- 4.7 This would be achieved through: increased income and cost savings from a single managed (wet and dry) site at Blackbrook; reduced staff costs, energy and maintenance requirements; increased demand for swimming and health & fitness provision; and a new high quality spa and café. A swimming pool alone on the Blackbrook site would not generate enough revenue to service the proposed debt.
- 4.8 A second specialist report was commissioned by Tone Leisure to investigate the addition of a spa which has confirmed the facility should generate a net operating surplus taking into account projected demand and costs. This would help support the ongoing business case.
- 4.9 Work was also carried out by FMG evaluating other additional commercial activities on the Blackbrook site. However, it was accepted that this could form a second phase of development in the future, led by Tone Leisure, and therefore will not feature in any income projections within this report.
- 4.10 The report concluded that the total amount of projected new income/savings available for the new pool project including a spa and café by Year 3 of operation is between £357k at the lower range and £474k at the upper range. This is based on the increased net income generated through the spa and café, plus efficiency savings by operating the swimming provision with a new pool on a shared leisure site. Initial estimates indicate that a leisure funding broker would be likely to access funds at a borrowing rate in the region of 6% over a 20 year loan term. At this rate the broker could leverage between circa £3.5m and £4.5m of capital resources.

¹ The FMG report is available to Members in strict confidence, at Appendix F. The spa report is available on the same basis at Appendix G.

- 4.11 The report conclusions have been independently reviewed by Mike Marsh, Managing Director of MMA Ltd, acting as the leisure advisor to the Council. MMA Ltd has recently supported Thanet District Council and the local Leisure Trust, Thanet Leisure Force, to successfully develop a similar new swimming pool project in Ramsgate.
- 4.12 His conclusions are that the FMG report's evidence base is robust, with a thorough analysis of the market potential. It takes account of the variables in developing the financial models, ensuring that the projections for new income /savings have been deliberately conservative. This view has been supported by Tone Leisure and Council officers who endorse the report's findings.
- 4.13 The Council undertook local public consultation on the pool service and provision in 2005. The consultation suggests that there was a high level of satisfaction with the sports and swimming facilities, although issues that rose at that time included fees and charges; poor viewing galleries; pool sizes which need to be more flexible; cleanliness and easy access.
- 4.14 There was demand for a spa facility, fun element for young people and youth facilities plus a café at Blackbrook.
- 4.15 The current proposals address issues raised in the 2005 consultation. Once the project is considered viable and a scheme has been designed, it is proposed that residents and pool user groups including schools and clubs have the opportunity to comment on the proposed plans through a number of information days to take place in the current pool sites, to be staged jointly by the Council and Tone Leisure.
- 4.16 Sport England's Facilities Planning Model Strategic Assessment of Needs for Sports Halls and Swimming Pools report in 2009 indicated that future swimming pool provision to address planned housing growth and increased participation will require a new pool. This leads to the conclusion that an 8 lane new pool at Blackbrook rather than a basic six lane new pool, coupled with a refurbished Station Road pool would be a prudent low cost additional investment to meet demands of public and club/school users/swim coaching.

5 Procurement Options

Extensive work has been undertaken by the lead officers in assessing different procurement models to deliver a new pool, supported by MMA Ltd, a specialist leisure consultancy, with general technical advice provided by the Amateur Swimming Association and Sport England. This has produced four primary options and a fifth 'do nothing' option. The options should also be cross referenced to the risk table in Appendix D. The capital costs of any associated commercial activities such as a spa/café are not included in option A (i) and (A (ii)).

Option A (i)	Council undertakes the procurement via a framework, building a 'basic' 25m pool with learner, funded by prudential borrowing using Sport England's benchmark costs (as at Appendix B)
Explanation	A traditional route where the Council leads the procurement using a framework approach, tendered through the OJEU process, based on a 'Single Stage Design and Build' package. Preliminary discussions have taken place with Southwest One over their potential involvement in delivering the project, however they have acknowledged that they do not have the in-house specialist pool design/systems experience and this element would need to be sub-contracted to a pool specialist company producing a likely increase in fee costs and possible longer contract build duration.
Advantages	The Council retains control of the overall process
Disadvantages	<p>Unfortunately there are a number of high profile examples of new Council pool projects which have been subject to late delivery, substantial cost overruns and/or subsequent building defects, generating loss of income for either the Council or compensation claims from the leisure management contractor. This is described as Optimism Bias.</p> <p>HM Treasury recently reviewed optimism bias to consider the extent to which the public sector looked at developments too optimistically when procuring contracts in terms of cost and time. Different types of construction projects had different weightings. For non standard buildings the starting point is plus +39% for the extended duration of the project and +51% for the increased capital expenditure on the project.</p>
Expected Build timescale	104 – 130 weeks from the decision to procure.
Indicative Costs	<p>A basic 6 lane pool construction with learner pool including professional fees and, external works and contingencies = £4,690,600 (see appendix B)</p> <p>A basic 8 lane pool construction with learner pool including professional fees and, external works and contingencies = £5,457,200</p>
Future Maintenance	As a new building with an expected life of 20-30 years, the ongoing liability of the limited annual maintenance costs of plant,

Costs and Liability	machinery and interior and liability would be transferred to the leisure operator with the liability for the roof, walls and services retained by the Council *
Ownership of assets	Council
Impact on leisure contract	Any new net income generated by a new basic pool would be used to offset the contractor's management fee to produce savings for the Council to meet the cost of the prudential borrowing payments. Without the addition of commercial facilities the 'pool only' net income would be minimal *
Risks	The council will need to manage and mitigate for a number of risks which results in the level of procurement/management costs described above. See also appendix D for risk register.

* subject to the renegotiation of the existing leisure contract

Option A (ii)	A Council managed turn-key contract via a pool specialist to build a 'basic' 25m pool with learner, funded by Council prudential borrowing
Explanation	A potential model identified by the Amateur Swimming Association which would see the Council procuring a specialist pool development company who would provide a 'turnkey' solution. This would include developing the specification, undertaking the architect and clerk of works roles, overseeing the procurement as a Design and Build package and then project managing and overseeing the contractor deliver the pool.
Advantages	The completed pool would be perfectly functional and comply with European standards but would be a basic facility and costs would be saved from reducing the traditional procurement and consultancy costs by using a standard design model
Disadvantages	Such companies are pool specialists but have less experience in designing and developing commercial facilities such as the proposed spa and café. These aspects are necessary as the business case does not support a pool on its own.
Expected Build timescale	Based on Sport England, MMA Ltd & specialists modelling: 62-78 weeks from the decision to procure
Indicative Costs	A basic 6 lane pool construction plus learner pool, £2,950,000 + 2.5% council procurement/ client management/fees costs of £73,750. Total: £3,023,750 (costs from Jim Gordon Associates) A basic 8 lane pool construction plus learner pool, £3,100,000 + 2.5% council procurement/ client management costs of £77,500. Total: £3,177,500
Future Maintenance Costs	As a new building with an expected life of 20-30 years, the limited annual maintenance costs of plant, machinery and interior and liability could be transferred to the leisure operator

	with the liability for the roof, walls and services retained by the Council *
Ownership of assets	Council
Impact on leisure contract	Any new net income generated by a new basic pool would be used to offset the leisure contractor's management fee to produce savings for Council to meet its cost of the prudential borrowing payments. Without additional commercial facilities the 'pool only' income would be minimal *
Risks	The benefits of this option are that cost and time overrun risks are transferred to the company.

Option A (ii) variant	A Council managed turn-key contract via a pool specialist to build a 'basic' 25m pool with learner, high spec spa and café funded by Council prudential borrowing
Explanation	A new basic pool as set out in A (ii) but with the additional costs of specialist designs and construction of a spa and café funded by Council prudential borrowing
Advantages	Transfer of the primary risk for the delivery of the project to specialists.
Disadvantages	Potential of contract complications with two specialists working on the project
Expected Build timescale	Based on Sport England, MMA Ltd & specialists modelling: 78-90 weeks from the decision to procure
Indicative Costs	A basic 6 lane pool plus learner construction, £2,950,000, spa & café £850,000 (median cost) + 2.5% council procurement/ client management/ design fees /costs of £95,000. Total: £3,895,000 (costs from Jim Gordon Associates) A basic 8 lane pool plus learner construction, £3,100,000, spa & café £850,000 (median cost) + 2.5% council procurement/ client management/design fees/ costs of £98,750. Total: £4,048,750
Future Maintenance Costs	As (option A(i) & A(ii)), but the commercial facilities would require a higher level of maintenance and upgrade on a five year cycle to stimulate more income
Ownership of assets	Council
Impact on leisure contract	The new net additional income particularly from the commercial activities of a spa and café would require a continuing reduction in the leisure contractor's management fee*
Risks	The benefits of this option are that cost and time overrun risks are transferred to the specialist pool company. However any build contract time/construction failures unless legally water tight could result in loss of income claims from the leisure contractor

* subject to the renegotiation of the existing leisure contract

Option B	Tone Leisure procures the project via a specialist leisure funding broker to facilitate the funding and procuring the design and build of a new 25m pool, learner pool, spa and café
Explanation	<p>Tone Leisure has been exploring options for funding, procurement, project management of the new build/fitting out, and has identified the potential of using a leisure funding broker. There are a small number of UK companies (leisure funding brokers) who specialise in facility development for Leisure Trusts and Local Authorities. The model is based on the leisure funding broker obtaining the project funding via city financial institutions and procuring the design and build through a specialist design company and a building contractor.</p> <p>This would be backed by a supporting robust business case which confirms any borrowing can be supported by increased income/reduced expenditure</p> <p>The leisure funding broker could procure the building works and demonstrate best value by seeking tenders from a number of contractors. Tone Leisure would borrow the money through a loan over a 20 year period, (plus a 5-10 year loan for equipment), facilitated by the leisure funding broker. This is incorporated into a single monthly payment for Tone Leisure, made affordable by the increased revenue/savings generated by the new facilities.</p>
Advantages	Over a hundred leisure projects have been successfully delivered through this model for local authorities and leisure trusts. Cost certainty can be achieved.
Disadvantages	The funding model has a potentially higher rate of borrowing, offset by lower construction costs
Expected Build timescale	66 weeks from the decision to procure (including the build and fit out of the spa and café).
Indicative Costs	<p>A basic 6 lane pool and learner pool, construction, £2,950,000, spa and café £850,000 (median cost) Total: £3,800,000</p> <p>A basic 8 lane pool and learner pool, construction, £3,200,000, spa and café £850,000 (median cost) Total: £4,050,000</p>
Future Maintenance	As a new building with an expected life of 20-30 years, the ongoing liability of the limited annual maintenance costs of plant,

Costs	machinery and interior and liability would be the responsibility of the leisure operator with the liability for the roof ,walls and services retained by the Council
Ownership of assets	Although Tone Leisure would be making payments to service the borrowing the new building assets would still be owned by the council.
Impact on leisure contract	Tone Leisure would require a new lease, co terminus with the length of borrowing and an extension of the current management contract by 3 to 5 years, subject to revised heads of terms
Risks	<p>The procurement risk transfers from the Council to the Trust, the risk of the build and cost and project time overruns would be transferred to the specialist broker and build contractor.</p> <p>The Council would be required to act as Guarantor for the loan, which means that the Council retains financial risk if Tone Leisure is not resilient to any downside on business case projections. This would provide a Contingent Liability that would need to be recognised through the decision process</p> <p>There could also be some impact on the subsidy to Tone written in to the performance aspect of the project, and potential future asset transfer provisions would need to be incorporated into the lease.</p>

Option C	'Do nothing and continue providing the status quo				
Explanation	This option sets out continuing with the existing pool provision in aging pool buildings with limited annual maintenance of the structures, fabric, plant and M & E.				
Advantages	No requirement for prudential borrowing, the council can focus on other priorities				
Disadvantages	<p>Ever increasing failure of the aging pool buildings, plant and M & E, leading to unplanned expenditure, more unplanned short term pool closures and likely terminal failure of St James Pool. (already planned to close in 2013/14)</p> <p>This will provoke increasing wide spread public dissatisfaction over the poor facility offer, resulting in decreasing income for the leisure contractor , leading to claims of loss of income.</p>				
Expected Build timescale	N/a				
Indicative Costs/ Future Maintenance	<p>Planned Spend for 2012/13 .These figures do not include any reactive work:</p> <table> <tr> <td>St James Street</td> <td>£34,000</td> </tr> <tr> <td>Station Road Pool</td> <td>£95,000</td> </tr> </table>	St James Street	£34,000	Station Road Pool	£95,000
St James Street	£34,000				
Station Road Pool	£95,000				

Costs	<p>Spend Identified in the Condition Survey 2013 – 2015: St James Street £300,000 –(NB: This figure is prepared in the context of the limited life span of the facility. If pool provision was to be kept at this site this figure would be much higher and would likely require a complete re-build)</p> <p>Station Road Pool <u>£660,250</u> Total <u>£1,089,250</u></p> <p>(Further specialist condition surveys would be required at a cost of £30,000-£50,000 to ascertain the life expectancy of the pool plant/ to inform a more accurate short term planned maintenance programme) Transfer of the maintenance liability for a fully refurbished Station Road pool to Tone Leisure could only be achieved if new plant and M.E were installed with a guaranteed life of 15 to 20 years and the fabric of the building overhauled. Overall indicative cost £900,000 to £1.2m</p>
Ownership of assets	Council
Impact on leisure contract	Substantial contractual claims for loss of income and a threat to the financial viability of the leisure operator, Tone Leisure

Tone Leisure wishes to be formally considered to lead on this project, subject to negotiations with the Council on providing surety for the Tone Leisure Board and lender through the provision of an extended length of contract and building lease. These issues are explored further in this report.

6 Financial Implications

- 6.1 As part of the development of the Business Case to support the proposed investment in swimming provision in the Borough, one of the key financial objectives will be the affordability.
- 6.2 The analysis undertaken by FMG has identified the potential for reducing operating costs plus generating additional income within the scope of proposed development at the Blackbrook site. A key element of this is the provision of new spa and café facilities that would generate a projected net return for Tone Leisure.
- 6.3 Based on the indicative costs as set out in the options section:

Options		Range £
A (i)	Council procured basic 6 lane pool or 8 lane pool plus learner	4,690,600 – 5,457,200
A(ii)	Council turnkey basic 6 lane pool or 8 lane pool plus learner and new spa facility	3,023,750 – 3,177,500
Aii) variant	Council turnkey basic 6 lane pool or 8 lane pool plus learner, spa and café	3,895,000 to 4,048,750
B	Tone Leisure procured 6 lane pool or 8 lane pool plus learner with spa and café	3,800,000 – 4,050,000

- 6.4 Using the preliminary work by a pool specialist, Jim Gordon Associates, a new six lane basic pool project adjoining Blackbrook Pavilion, would have an associated wet change, spectator seating, small café, new entrance, including £235,000 for external works to provide revised road access and additional car parking²
- 6.5 An alternative of an eight lane pool would help meet future demand forecasts and provide the required pool programme mix of public pool time and schools access, coaching etc so increasing income, and for an additional 5% cost provides an extra 33% swimming capacity as well as additional flexibility in programming for casual use and to cater for planned housing and population growth.
- 6.6 The potential to incorporate green infrastructure using the “Passiv” principles, has not been included at this stage, acknowledging that ongoing savings could be generated by its inclusion to meet the installation costs.
- 6.7 The spa would be a high quality facility offering beauty treatments and retailed products alongside an integrated hydro pool, steam, sauna, salt grotto, power showers and foot spas, treatment rooms and reception /relaxation area. This also links well to the health and wellbeing agenda.
- 6.8 For cost comparison purposes a similar scheme in Ramsgate pool and spa project is currently being built for £3,970,000.
- 6.9 The financial modelling received by the Council indicates that the proposed project should be affordable and can be delivered, subject to a detailed design brief – which can be drawn up by pool Architects and fully costed by a Quantity Surveyor – for the pool, spa and café being agreed by the Council and Tone Leisure.
- 6.10 FMG have reported a projected net reduction in operating costs for Tone Leisure, based on efficiency savings plus additional net income from the spa, rising to a range of £357k to £474k by Year 3 of operation. Assuming these are delivered, the savings provide an annual source of funds that could be used to service the cost of

² The car parking element could be higher and is dependent on the amount of additional parking spaces which the new facility demands.

capital i.e. to repay the capital borrowing costs needed for this investment.

6.11 There are two most likely options for raising the loan finance for this investment:

a) A specialist leisure broker raises the capital for Tone Leisure and procures the asset on behalf of the Trust who is then liable to meet the loan repayments.

b) The Council raises the capital and procures the asset, which Tone Leisure then manage with other existing leisure facilities

Funding and Cost of Capital

a) Tone Leisure borrowing

6.12 For Tone Leisure to raise finance from a specialist leisure funding broker, the total amount of loan capital that could be raised is likely to be closely linked to the net savings driven by this investment. Initial estimates suggest that a borrowing facility in the region of £3.5m (taking the lower net savings figure in FMG's report) on an 'invest to save' basis. If you take the more optimistic net savings figure the borrowing facility could be higher.

6.13 Using the indicative median total cost of the project of £3,925,000, the estimated cost of borrowing for Tone Leisure with an indicative borrowing rate of 6% over 20 years, is summarised as follows:

Amount Borrowed	£3.95m
Interest Rate	6%
Annual Repayment (principal + interest)	£341,773
Total Repayment (principal + interest)	£6,835,456

6.14 As noted above, it is likely that Tone would borrow the full cost over a 20-Year period, with a shorter loan being required for equipment. This would mean loan repayment commitments would be higher in the earlier years, but may need to be replaced with new borrowing when the shorter life equipment is replaced. The above cost is therefore a reasonable estimate of annual debt repayment costs during the 20-Year period.

6.15 When compared to the estimated net cost reduction range of £357k to £474k, this indicates that Tone Leisure should be able to cover the cost of servicing the loan from the annual net cost reductions. As stated above, the Council would need to act as a guarantor for a loan taken about by Tone Leisure, thereby retaining financial risk if Tone Leisure defaults. Such a guarantee would need to be approved by Full Council, and would be reported as a Contingent Liability in the Councils Statement of Accounts for the duration of the loan.

6.16 The new asset which will be built adjoining the existing Blackbrook Pavilion will be an

asset of the Council not Tone Leisure and will be effectively leased to the Trust. There will some efficiency savings be delivered in the Council's own maintenance budget, it is envisaged this will be used to offset the Council's costs for improvements to the Station Road pool.

b) TDBC borrowing

6.17 Should the Council wish fund and own the built asset, there is an option for the Council to borrow the funds. The Council is likely to be able to borrow more cheaply than Tone Leisure.

6.18 Using the indicative total cost of the project of £3,925,000, the estimated cost of borrowing with an indicative borrowing rate of 3% over 20 years, is summarised as follows:

Amount Borrowed	£3.925m
Interest rate	3%
Annual Repayment (principal + interest)	£264,074
Total Repayment (principal + interest)	£5,281,482

6.19 The table above gives an indicative cost of borrowing. Members should note that the figures shown in the table relate to the treasury cash flows resulting from possible loan transactions. The impact on the annual budget may be different to this, as the accounting for loan repayment would be in line with the approved policy for Minimum Revenue Provision (MRP). MRP would be calculated to account for repayment of borrowing over the life of the asset, which could be different to the term of any loan(s) taken. The financial implications will be fully modelled and reported through the full business case should this project proceed to submission for approval by Members.

6.20 To fund the cost of servicing the capital borrowing, the Council would need to review its annual subsidy to Tone Leisure. Tone would retain the savings from reduced operating costs of the new pool etc; therefore the Council could reduce its subsidy and use this funding instead to repay the Council's cost of borrowing for this investment.

6.21 The full business case will need to include an estimate of the impact of this investment on the annual amount currently included in the Council's annual maintenance budget for leisure assets. By have modern, efficient buildings and services it is feasible that maintenance costs will reduce, which could be used towards capital financing.

c) Community Infrastructure Levy (CIL)

6.22 Although this hasn't been considered through the external advice received currently by the Council, the provision of a new pool is on the current proposed list

of priorities – subject to consultation – for CIL during the first 5 years infrastructure development needs (2013/14 to 2017/18). Further work is therefore needed to explore the potential use of CIL as a part-funding stream for this project. This will need to be incorporated in the full business case to be brought forward (if this report proposal is supported) for Members consideration later this year. This will need to be ranked against other CIL priorities as part of the final decision process.

Refurbish Taunton Pool

6.23 The delivery of sufficient public swimming pool capacity that is future proofed requires the combination of delivering of a new pool, the refurbishment of Taunton Pool and the closure of St James Street Pool. Further work on the programming of pool time is required to address the cost/user benefits of the respective new 6 or 8 lane pools.

6.24 Proposed refurbishment works at Taunton Pool are estimated at £1,200,000.

Funding and Cost of Capital

6.25 Funding of these costs would potentially come from one or a combination of several sources, including:

- The council's leisure maintenance reserve
- External funding
- Borrowing
- Capital Receipt from disposal of St James Street Pool
- Community Infrastructure Levy

6.26 The funding proposal will be finalised as part of the development of the Full Business Case, with the intention of minimising the need to undertake capital borrowing.

a) Leisure Maintenance Reserve

6.27 It is proposed to ring-fence £500,000 from the Council's Leisure Assets Maintenance Reserve to provide revenue resources to part-fund these works and associated risk fees and specialist fees, thus providing funding for around one third of the costs. There is a risk of losing £125,000 from the reserve if the project does not go ahead as costs referenced in 14.3 below are only recovered if the project proceeds.

b) External Funding

6.30 Sport England have just released a new £45million Improvement Fund' The first round of funding is for artificial grass pitches and swimming pool changing rooms and grants of up to £500,000 can be applied for. Applications are due by the end of September 2012. An application needs to be submitted for Station Road Pool.

c) Capital Receipt

- 6.31 On the basis that the development of a new pool at the Blackbrook site goes ahead, it is proposed to dispose of the St James Pool site. This is planned to go ahead once the new pool at Blackbrook is operational, to ensure that current provision continues in the interim period. The Council could utilise other available capital receipts in the interim, to be 'replaced' by the new receipt when St James Pool is disposed, or the Council could borrow initially (akin to a 'bridging loan') and then 'set aside' the new capital receipt when received to repay that interim borrowing.
- 6.32 The site of the pool is included in the wider Coal Orchard regeneration area. Indicative plans have been prepared for this and preliminary appraisals undertaken. At present and in line with the council's adopted car parking strategy, those more comprehensive plans are not being actively pursued but they may be brought forward, either in whole or in part, within the life of the 'pool project'. Most of the land within the Coal Orchard regeneration area is owned by the council and if the proceeds from the development of the wider area were to be earmarked largely or wholly to the 'pool project' then this could affect the potential level of contribution quite significantly. On this basis, a range of contributions from £250,000 to £1m or more might be appropriate; although this has no regard to the potential impact of the loss of car parking revenue from the resultant closure or reduction in size of the existing public car park.
- 6.33 More work will be required to establish what is the best overall option for this area in terms of value generation; revenue retention and wider regeneration objectives. One option already looked at is to retain car parking on the site of the pool and to generate value from other parts of the Coal Orchard site better related to existing commercial/riverside development.
- 6.34 Valuation of the site would be taken at the time of disposal, and could vary significantly depending on the new use of the site. For initial indicative purposes only, we are using an estimate of £250,000 for financial modelling.
- 6.35 In order to finance works required at Taunton Pool, the capital receipt from St James Street, plus the balance of £350,000 put aside from the leisure maintenance reserve (£500,000 less up to £150,000), plus the potential for finance from the new Sport England fund would be enough to cover the essential works at Taunton Pool once Blackbrook has been built. By that time, the reserve will also have increased by two times £277,000 and therefore a realistic programme of maintenance, repair and enhancement can be achieved. By that stage, the liability of St James Street will also have been removed.

Leisure Asset Maintenance and Other Project Costs

- 6.36 The leisure asset maintenance reserve currently has an accrued balance of £763,500 (as at 31 March 2012) which, as per the funding agreement between Tone Leisure and TDBC, provides funding for maintenance of all six Leisure sites. However a significant proportion will be required for Taunton Pool, Blackbrook Sports Centre and Wellington Sports Centre pool. There is also an annual maintenance budget of £277,790 which was set up initially from the ongoing savings from the original leisure contract arrangements. Any unspent balance on the budget is transferred to the reserve each financial year.
- 6.37 As referred in paragraph 6.29 above, it is proposed to ring-fence a sum of £500,000 from this reserve to contribute towards the costs of the proposed works at Taunton Pool.
- 6.38 Whilst there will be additional costs to acquire and enhance the pools assets, it is feasible that ongoing costs of maintaining the assets, once the works in the various options are completed, will be less than current – particularly in the earlier years of new/enhanced asset lives. Such savings, in addition to reduced operating costs could be applied to partially offset the budgetary impact of capital borrowing costs. This will need to be modelled and considered as part of the full business case for budgeting purposes. It should be noted that although these costs could be reduced, maintenance costs on the new build/improved assets will still exist.
- 6.39 In the interim period of up to two years of the new pool being built, there are increasing risks of the current M & E plant/structures in the Taunton and St James Street pools suffering breakdowns, resulting in temporary closures and a call on the maintenance reserves to fund repairs and potential loss of income for Tone Leisure.
- 6.40 Dependent on the procurement route, other costs to be funded will include officer resource and specialist external advice on borrowing, VAT implications, and leisure contract negotiations. From the £500,000 described above there will need to be taken £125,000 (the breakdown of this is outlined in detail at paragraph 14.3) and an additional £25,000 for project management (representing half of the £50,000 total costs required and shared with Tone).

VAT Implications

- 6.41 VAT is a factor that will need to be explored to provide certainty of the financial implications for the full business case.
- 6.42 It is recommended that specialist VAT advice is procured to provide this detailed advice on a scheme of this size. However initial thoughts on this are that if procurement option C is the chosen route, given that the capital expenditure will be going through the books of Tone Leisure, and with TDBC not receiving any VAT-exempt income as a result of the project, then there will be no direct impact on the council's partial exemption position. Similarly, with the proposed works to Taunton

Pool, it is anticipated that as TDBC does not receive income from the Pool there will again be no direct impact.

- 6.43 However, in order to provide certainty this needs to be confirmed via the external VAT advisor mentioned above.

7 Risk management

Risk register

- 7.1 A full list of risks and issues will be drawn up as part of the overall business plan. There is currently a risk register for the known and expected risks for this stage of the project and for potential future risks and issues. A Risk Register is outlined at Appendix D.

Summary of key Issues

7.2 Preferred Procurement Route

Three of the four procurement options require the Council to be the lead on the project. It has already been identified that local authorities are no longer appropriately resourced to manage such projects, and without careful management there are major risks of cost and time over runs. This Council already has a number of key priorities to be delivered requiring officer resource and corporate support. Southwest One have shown their willingness to support this project however they have admitted that they would need to subcontract specialist consultants and contractors to progress this work and this has the potential to increase costs significantly and introduce additional delays. The benefit of using Southwest One is that although it would be expensive, they would provide cost assurance and therefore assume the risk of the project going over-budget.

- 7.3 The third option of the Council's Leisure Management partner, Tone Leisure leading of both the procurement and funding of the project would see the primary risks being transferred to the Trust, but with the Council having an ongoing financial risk over up to 20 years in the form of a Contingent Liability should members approve the Council acting as a Guarantor for borrowing undertaken by Tone Leisure in relation to this project.

- 7.4 There are also a number of other benefits for the Council. Tone Leisure requires opportunities for re-investment. The pool project will strengthen the Trust's future viability with increased cash flow from the new facilities and a strong incentive to see the project delivered within budget and on time. It also removes the ongoing operational risks to Tone and the Council of deteriorating pools closing for extended periods requiring compensation to Tone for loss of pool income.

- 7.5 Tone Leisure would borrow the money through a loan for a 20 year period, facilitated by a leisure funding broker. The loan is incorporated into a single monthly payment for Tone Leisure, made affordable by the increased revenue generated by the new facilities. The Council would be required to act as Guarantor for the loan.
- 7.6 The existing leases between the Council and Tone Leisure on the leisure sites have only 7 years remaining. The lender will require surety from Tone Leisure that the lease term for the site is revised to 20 years to provide a concurrent term with the loan period to ensure both the loan and lease terms are in alignment .It is proposed that the Blackbrook lease is amended to reflect the additional building footprint and the remaining leisure leases are also aligned and revised to a 20 year term.
- 7.7 The leisure management agreement term has 7 years remaining. Tone Leisure require additional security in the form of a contract extension, in recognition of the risk transfer of the pool project to Tone Leisure and the need for the Trust to manage the restructuring of the service to embrace the proposed new leisure offer and ensure the projections for the new income streams are fully realised.
- 7.8 This requirement is fully recognised and accepted in principle by officers. Negotiations would need to take place between the Council and Tone Leisure to agree an extension period of a minimum of three to five years maximum.
- 7.9 This can be achieved without re-tendering the contract as Leisure Services are defined as Part B services under the EU public procurement rules and their UK equivalent, the Public Contracts Regulations 2006 (the "Regulations"). This provides for a greater degree of flexibility in how Local Authorities can procure and manage such services.
- 7.10 It should be noted that the legislation for Part B services are likely to change in April 2013, removing the flexibility and requiring Authorities to undertake full OJEU contract tendering process for all elements of leisure services contracts. Therefore any contract extension arrangements will need formal Council approval before the new legislative changes come into force. However, the current activities will protect and invest in the property portfolio and ensure that the Council is acting in a prudent manner with regard to acting as a guarantor so the extension of the lease to cover the loan period would be a prudent investment.
- 7.11 In future years it is suggested that any net trading surpluses generated by the new pool scheme, following deduction of Tone Leisure support costs, could either be:
(i) used to strengthen the Trust's reserves and then be reinvested into leisure facilities managed within the Council and Tone Leisure's agreement as agreed by both parties

(ii) used to reduce the council's borrowing or use of reserves to refurbish Station Road Pool. The downside of this option is that the incentive for Tone Leisure to ensure continued income growth is weakened.

- 7.12 Professional VAT advice needs to be sought to establish whether or not the Council is likely to incur irrecoverable VAT costs, and to seek a tax efficient way of this project moving forward to ensure that the 5% partial exemption limit is not exceeded. This expertise is not available in house, based on preliminary discussions with the Financial Services Manager.
- 7.13 If the project remains internal to Taunton Deane, there is a specific lack of resource and expertise to carry out this project.
- 7.14 Tone Leisure will need to comply with any EU procurement regulations if and when they tender for this work to be done so it is important to ensure this is the case as it could affect the Council in its role as guarantor.

8 Legal

- 8.1 The council is not statutorily obliged to provide cultural services and facilities except in relation to the Children's Act, which identifies that district councils have a responsibility to provide leisure activities for children and young people.
- 8.2 To facilitate the loan arrangement, the leisure funding broker acting on behalf of the lender, requires the council to act as guarantor. This is a standard requirement which other local authority clients which leisure funding brokers have supported elsewhere. Legally there is no express statutory power enabling local authorities to act as guarantors of loans.
- 8.3 However the Local Government Act 2000 section 2 gives local authorities the power to do anything which they consider is likely to achieve the promotion or improvement of the economic, social or environmental well-being of the whole or any part their areas or of all or any persons resident or present in their areas. The proposed project will positively bring improved social and well being to residents.
- 8.4 The greatest risk of the Council acting as Guarantor is a worst case scenario whereby TL either defaults on the loan repayments or cease trading and the outstanding loan obligation transfers to the Council. The positive position is that the investment will take place in one of Council's own assets. The options would then be the Council taking over trading on the building or procure a new contractor/Trust to operate the facility and formally take on the obligations of the loan.
- 8.5 With the authority acting as guarantor to the loan, to be prudent the Council should ring-fence the capital cost of the build to its current borrowing headroom until such time as the contingent liability is no longer required. The Treasury Management Strategy will be adjusted to reflect the revised position.

8.6 The Council has 7 years remaining on the 15 year agreement with Tone Leisure for the management of leisure facilities, which commenced in August 2004. There are also co-terminus leases for the three pool sites. As referenced earlier in the report it is proposed that the term for all the leases is revised to 20 years and the management contract is extended for a further three to five years. Detailed discussions and negotiations will be required between the two parties to address these proposals, also addressing issues such as a potential loss of income during the building works, staff reductions and VAT implications.

9 Links to Corporate Aims

9.1 The project aligns to the Corporate aims of regeneration and sustainable community development.

9.2 The council has a Medium Term Financial Plan which requires substantial reductions year on year in revenue spend and an Asset Management Plan to proactively maximise the Council's land and property holdings. The proposals will free up the current St James Street site, and any options being considered for disposal or future use will need to take account of the council's wider strategic aims.

10 Environmental and Community Safety Implications

10.1 The Sport England guide on Building Affordable Swimming Pools included additional indicative costs for options including rainwater harvesting (£30-£40,000); Photovoltaics (£10-£40,000); Solar Panels (£14-£45,000); Air Source Heat Pumps (£10-£50,000) and Biomass (£40-£100,000). Once a suitable business case has been produced, Councillors will need to determine whether the cost/benefit of these should warrant inclusion

10.2 As part of the development of the business case, we have consulted with Gale and Snowden Architects who have worked with Exeter City Council on Passivhaus and are currently working on a Passivhaus swimming pool design for them. There is potential that funding could be brought in to help meet the costs of green infrastructure for the pool and incorporate Passiv principles. However this would increase costs to both the design and build phases of the project but should lead to ongoing operational savings. As an indicative view, Gale and Snowden stated that building to Passivhaus standards would increase build cost by around 10% but that the business case at Exeter showed that the pay-back period from reduced energy bills and plant maintenance provided a strong business case to build to this standard.

10.3 Public swimming provides another activity in a part of town that has never had provision. This could impact positively on antisocial behaviour. There are likely to

be some short-term issues during the build phase and consideration should be given to ensuring the overall safety of the site, its customers and visitors.

11 Equalities

- 11.1 The new building and refurbishment proposals will fully address access issues and the intended programming of activities will ensure balanced provision. However, a full Equalities Impact Assessment will need to be drawn up as part of the overall business case. An initial Equalities Impact Assessment is outlined at Appendix E.

12 Partnership Implications

- 12.1 The progression of this project will require close continued partnership working with Tone Leisure as well as support from Southwest One (Procurement, Finance and Asset Management) and Project Taunton (liaison on disposal of St James Street Pool). Further consultation with swimming clubs, schools and the local community would also be necessary.

13 Conclusion

- 13.1 The conclusion is that a, 'do nothing' policy, is not tenable. The expected life of the St James Street Pool only extends to 2013, and the Taunton Pool faces continuing serious deterioration of its fabric and plant. This presents the prospect of no swimming pool provision for the majority of Taunton Deane residents, substantial compensation claims from Tone Leisure for loss of income and possible impact on the Trust's future viability.
- 13.2 A minimalist approach adopted for the maintenance of the pool buildings and plant as has been adopted over recent years is not a viable option going forward. The risks associated with not moving the leisure contract services and business forward is greater than the lesser risks of investing in a new development, particularly as there will be no capital cost burden for the Council.
- 13.3 There is a compelling opportunity of the Council working in partnership with Tone Leisure to achieve a successful outcome while minimising the risks for both parties. The Tone Group Board and Tone Taunton Deane Board in the last two weeks have been consulted on the principles and given unanimous support for Tone Leisure to potentially become the lead on the project. They are very keen to see this project become a reality and recognise that Tone have the drive and determination to make it happen with the genuine belief that a new pool would add value to the leisure offering in Taunton.

14 Next steps

- 14.1 The high level business case proves the affordability of a swimming pool, café and spa. The next stage is a detailed (full) business case, involving architects, quantity surveyors and construction experts to gain cost confidence, prior to full cost certainty. This work can take place expediently with members updated in December 2012 on the full business case and modelling with final recommendations on future swimming pool provision for approval.
- 14.2 This will provide the initial cost confidence, usually within a 10% margin of the final cost and then cost certainty works. The table below sets out an indicative timescale and likely fees, including costs for the leisure funding broker.
- 14.3 The fees are risk costs that have to be met as irrecoverable costs if the project does not proceed. This will be shared between the Council (with a potential exposure of £68,000 – half of £136,000 outlined below) and Leisure Contractor (Tone Leisure). If the project proceeds the fees are built into the overall project costs. The council will also need to fund its own one off costs of external VAT ,leisure, legal, plant condition surveys and the Passivhaus work of an estimated £57,000, plus half of project management costs (estimated at £50,000 overall) so £25,000, giving a total of £150,000 of exposure for the Council

Organisation	Cost Confidence		Cost Certainty	
	Fees	Timescale	Fees	Timescale
Architects	£5,000	4 – 6 Weeks	£35,000	8 - 12 weeks*
Construction	£0	4 weeks	£71,000	16 weeks*
QS	£0	n/a	£20,000	n/a
Leisure Funding Broker	£0	n/a	£10,000	n/a
Total	£5,000	-	£136,000	-

* To run co terminus

15 Corporate scrutiny

- 15.1 Corporate scrutiny observations were as follows (August 2012):
In making our recommendations to the Executive, Corporate Scrutiny Committee wish to draw their attention that it has not had an opportunity to study the FMG report referred to at the bottom of Page 4 (4.10) and thus are unable to comment

with assurance on either the robustness of the business plan or on the "needs" arguments for the new pool at Blackbrook.³

The recommendations (1 to 6) are otherwise acceptable but with 2 further provisos.

The knowledge that Corporate Scrutiny will have the opportunity to scrutinise further the "Cost Certainty" exercise for the Plan (set out in section 14. Next Steps) and the expenditure of the £136,000 and

That the £125,000 referred to in Recommendations 3 and 4 and the whole of the £500,000 allocated from the Leisure Maintenance Reserve - if the £125,000 isn't spent - should be earmarked for the refurbishment programme of the Taunton Pool rather than the new build at Blackbrook. It is appreciated that it is left to the discretion of the officers but members wishes should be recorded on this matter."

16 Recommendations

16.1 To address the Council's future swimming pool provision it is recommended:

1. To support the development of Option B above, in particular;
 - a) New 25m pool with learner pool, spa and café at Blackbrook Pavilion
 - b) The refurbishment of Taunton Pool
 - c) Closure and sale of St James Street Pool at the appropriate time
2. To support the principle of Tone Leisure being the lead partner on this proposal and the necessary extension to existing agreements be developed. Final approval on this will be needed on this in December 2012 alongside the detailed business plan when final decisions on funding, procurement, project management, loan guarantee, and governance will be needed.
3. To support further joint working with Tone Leisure on a detailed business case to support the delivery of this project including but not limited to financing options, VAT advice, design advice, mechanical and engineering advice, project management. Taunton Deane's share of the cost of this phase to be funded from the Leisure Maintenance Reserve (£150,000).
4. Agree to earmark a total of £500,000 of the existing leisure maintenance reserve towards the project (i.e a further £350,000 in addition to recommendation 3).
5. Agree to the future net capital receipt from St James Street Pool being set aside to part-finance this project.

³ nb these papers were available and referenced as such, but were not appended directly to the report. These are now appended for clarity.

6. To support the principle that the Council acts as a loan guarantor, subject to affordability and prudential limits that will be clearly defined in the Full Business Case.

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Background papers:

Report to Executive, March 2012 and appended Swimming pool Project brief v5

Reports of swimming pool task and finish group

Sport England – Building Affordable Community Swimming Pools

FMG consulting – Blackbrook Leisure centre pool rationalisation and sports hall redevelopment (Attached on pink papers as Appendix F)

Spa feasibility report (Attached on pink papers as Appendix G)

MMA Ltd - Risk Table

Nb. All above papers available via Scott Weetch or Simon Lewis

Appendix A

Taunton Deane Borough Council's administrative area is served by three public swimming pools, one in Wellington and two in Taunton, managed and operated under contract by Tone Leisure since 2004.

The two Taunton pools are in the town centre at Station Road, built in the 1970's, and at St James Street, an Edwardian building. St James Street is not open for public sessions but provides pool space for schools, swimming clubs and swimming lessons. Station Road (also known as Taunton Pool) is available for public swimming and for clubs.

The two pools in Taunton are now showing their age. St James Street Pool has certain characteristics which make it operationally difficult, not least due to the dual entrances. It is an increasing financial liability and has very little active life left. It was recently subject to a closure on environmental health grounds. This has highlighted the real possibility of permanent closure if repair costs of any future issue proved to be excessive. St James' pool caters for 1600 children each year.

Taunton (Station Road Pool) is now approaching 40 years old, requiring capital investment including replacing the pool plant as maintenance only at this stage would not be economic and addressing the 33.3 metre length pool which inhibits competitive swimming.

In addition to these facilities, there is a publicly accessible, community run pool in Wiveliscombe (outdoor) and various education establishments provide some community time through swimming sessions or structured lessons. There are also limited private pools available via commercial leisure providers but are often expensive and are not fully accessible to the public.

In 2004 and 2006 the Council commissioned reports on swimming pool provision in Taunton Deane including the option of a new swimming pool.

In August 2009, Sport England undertook some modelling work for future use and provision of pools in Taunton. This identified that Taunton was just meeting current demand and will not meet future demand; that if the Council shut existing pools, it would need to provide a multi-pool facility in the future to replace them, supplemented ideally by a second pool in future years; and although a town centre site is preferable, the Council could consider sites such as Blackbrook and Wellsprings.

In the interim period there has been a continuing lack of investment in the Council's own Taunton pools.

In February 2010, a Task and Finish group was established to investigate options and identify the best way forward to municipal pool provision, deliver a new pool in Taunton and retain adequate swimming facilities.

The 'Swimming Provision' Scrutiny Task and Finish Group chaired by Councillor Andrew Govier reported back to Executive in July 2011 on its recommendations. These were to undertake a detailed business case to:

- undertake essential works at Station Road Pool to keep it operational and viable for a further 15-20 years
- build a new 'no frills' 25 metre pool with smaller teaching pool onto the side of Blackbrook Sports Pavilion
- De-commission St James Street Pool

Subsequently officers have been investigating models for swimming pools and associated build costs, options for procurement, site visits to similar pool projects sources of commercial income generation, reporting regularly to the Task and Finish group and in parallel to the internal Project Board.

It became evident that external consultancy support was required to underpin officers' work to undertake modelling on future swimming/dry side demand, cost impact and affordability of undertaking the Task and Finish Group recommendations, the coordination and financial evaluation.

Appendix B: Sport England Benchmark costing for a new pool

Capital costs^a overview

		4 lane	5 lane	6 lane	6 lane + secondary	8 lane	8 lane + secondary
		(£)	(£)	(£)	(£)	(£)	(£)
Gross internal floor area (GIFA)		(1094ms)	(1344ms)	(1543ms)	(1850ms)	(1878ms)	(2226ms)
Elements of swimming pool building							
Substructure	Elemental total	223,000	260,000	264,000	375,000	358,000	381,000
Superstructure	Frame	147,000	175,000	187,000	220,000	230,000	254,000
	Upper floors	4,000	9,000	10,000	12,000	39,000	40,000
	Roof	131,000	202,000	230,000	255,000	280,000	358,000
	Stairs	14,000	14,000	14,000	14,000	16,000	19,000
	External walls	132,000	158,000	162,000	186,000	151,000	182,000
	Windows & external doors	58,000	60,000	61,000	61,000	61,000	61,000
	Internal walls & partitions	58,000	55,000	95,000	122,000	92,000	92,000
	Internal doors	19,000	22,000	21,000	23,000	22,000	22,000
	Elemental total	583,000	728,000	780,000	893,000	891,000	1,028,000
Internal finishes	Wall finishes	54,000	59,000	67,000	79,000	95,000	104,000
	Floor finishes	70,000	85,000	91,000	129,000	109,000	135,000
	Ceiling finishes	17,000	21,000	23,000	33,000	36,000	39,000
	Elemental total	141,000	165,000	181,000	241,000	240,000	279,000
Fittings	Elemental total	125,000	143,000	145,000	179,000	183,000	200,000
Services	Sanitary appliances	17,000	20,000	20,000	21,000	27,000	27,000
	Rainwater	5,000	6,000	7,000	9,000	9,000	11,000
	Below slab drainage	17,000	20,000	22,000	26,000	28,000	33,000
	M&E installations	517,000	654,000	742,000	942,000	966,000	1,166,000
	Specialist installations	170,000	209,000	240,000	282,000	277,000	345,000
	Builder's work in connection	73,000	92,000	104,000	128,000	130,000	152,000
	Elemental total	799,000	1,011,000	1,135,000	1,408,000	1,427,000	1,741,000
Building sub-total		1,851,000	2,308,000	2,525,000	3,096,000	3,099,000	3,629,000
Preliminaries		257,100	296,200	290,500	302,000	322,000	332,600
BASE CONSTRUCTION COST		2,108,100	2,594,200	2,815,500	3,398,000	3,421,000	3,961,600
Additional costs	Contingencies (7½%)	158,200	194,600	211,200	254,900	256,600	297,200
	Professional fees (12½%)	263,300	345,600	378,400	456,700	459,700	532,400
	Allowance for external works (15%)	317,000	390,000	423,000	510,000	514,000	595,000
	Incoming services / stats	71,000	71,000	71,000	71,000	71,000	71,000
	Elemental total	829,500	1,004,200	1,083,600	1,292,600	1,301,300	1,495,600
OVERALL ESTIMATED PROJECT COST		2,937,600	3,598,400	3,899,100	4,690,600	4,722,300	5,457,200

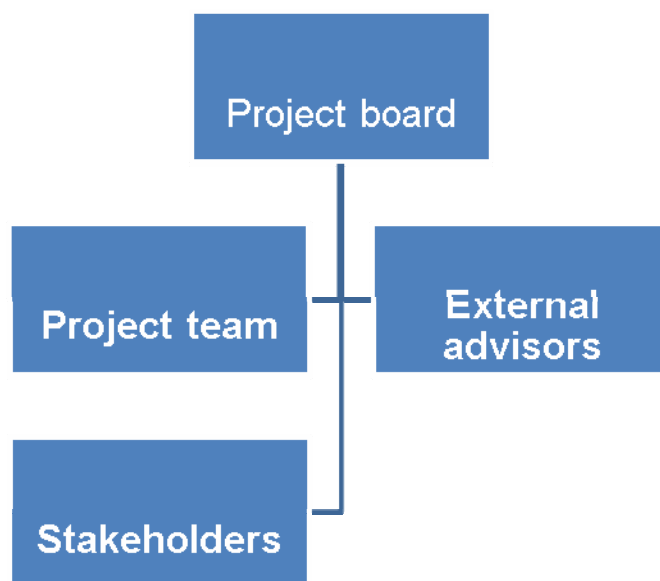
^a Based on building costs at 3rd Qtr 2011

Appendix C – Project Management and Governance

1. Project Management Arrangements

1.1 The project will be managed in accordance with the principles of Prince 2.

1.2 A possible governance structure is as follows: (this will need revising if Tone oversee the project)



Project Board – chaired by **Director Project Sponsor: Shirlene Adam**

Members – Shirlene Adam, Simon Lewis, Tone Leisure board rep x 2, Executive Councillor Herbert and Shadow Executive Councillor Ben Swaine, representatives from swimming task and finish group x 2

- To approve the strategic direction, outline scope of activity, agree outcomes and benefits and authorises procurement process
- To approve recommended partner(s) at the end of the procurement process
- Review project progress and approves any exceptions to the approved scope
- Ensures process is properly aligned at all stages to the strategic outcomes required.
- Supports key communication processes across stakeholders
- Commissions and chairs reviews during the project to ensure alignment with objectives, capability of delivery and measurable achievement of benefits

Project team:

Project Lead: **Simon Lewis (tbc)**

- Is directly accountable for the delivery of the project delivering agreed outputs to required specification and quality within budget
- Maintains close liaison and communication with Key Stakeholders
- Ensures business case is maintained and remains relevant to the overall strategic aims
- Ensures that communications with internal and external stakeholders are effective
- Manages the key strategic risks facing the project
- Meets with the project manager regularly to review progress

Project Manager: **Scott Weetch (tbc)**

- Provides project information and advice to partner organisations and stakeholders
- Project manages and plans all stages of the project
- Agrees delegation and project assurance roles
- Prepares project reports as defined by the Project Initiation Document
- Manages on a day to day basis the business and project risks (includes contingency planning)
- Liaises with members of associated activities e.g. Communications
- Monitors progress, expenditure, resources and initiates corrective action
- Keeps project lead informed of deviations in plans and associated action (ie Change Control)
- Identifies and obtains support and advice necessary for the management, planning and control of the project
- Manages the development of the communication strategy and delivery of the communications plan

External advisors

- Advice will be sought on an ongoing basis from external advisors. Their role will be to advise the project team/board

Who	Role
Tone leisure	End user. Will need input into business case, specification, ongoing maintenance, pool programming; insurance
Other leisure providers	Best practice is sought from across the country in relation to procurement, design, build specification
Sport England	Provision of national standards and practices; benchmarking of costs
Amateur Swimming Association	Critical friend; check and challenge;

	guidance on other projects, project mgt routes; procurement routes
SW1 procurement	Advise on procurement issues and deliver procurement package if appropriate
Legal	Ensure compliance with all appropriate legal matters; check contracts; insurance
Technical	Advise on matters such as pool plant; environmental factors e.g. heat recovery systems
Finance	Check/challenge assumptions in cost projections/proposed cost recovery e.g. prudential borrowing requirements; ensure financial package is tight;
Highways	Ensure traffic management plan and proposed layout is robust, workable and legally compliant
Health and safety	Management of risk; compliance with health and safety standards
SW1 asset management	Check ongoing maintenance plan and depreciation projections are fit for purpose
Elected members	Check/challenge; ensure project alignment to corporate aims; sign off at gateways
Utilities	Ensure that building work does not adversely impact existing utilities eg sewage pipes

Monthly/quarterly highlight reports to CMT; members; stakeholders

C RISKS TO RESIDENTS										
C1	Pool is less accessible for those in the town centre	Project team	Public from town centre areas are unable to access new facility	A pool remains in the town centre	Insignificant	Feasible				Risk is mitigated by presence of other town centre facility
C2	Pool is defined for use solely by schools to the detriment of public swimming	Tone	Pool is not publicly accessible, disenfranchising those who are intended to benefit	Tone are defining usage models currently	Significant	Slight				Tone are looking at the blend for pool use to prevent this
C3	Increased traffic caused by new facility causes hazard to pedestrians/cyclists	SCC Highways	If traffic modelling is not accurate and mitigation not put in place, the consequences are increased danger to road users	Existing traffic islands on approach to Blackbrook	Significant	Feasible				
D TDBC OPERATIONAL RISKS										
D1	Council does not support the new scheme	Council	Further deteriorating position of existing pools	Ongoing liaison with interested parties	Major	Feasible				
D2	Lack of Council staff resources	Council	Project is delayed	Assignment of project officers; key officers in other roles encouraged to allocate time	Significant	Likely				Allocate project resource in personnel and finance
D3	Main contractor goes into liquidation or defaults/major pool defects	Council/Tone	Loss of income claim by Tone; reputational damage; increased repayment on loan; public dissatisfaction	Ensure tendering and contractual searches and procedures are robust	Critical	Slight				

Station Road improvements

03-Feb-12

Risk No.	Risk & descriptions	Risk Owner	Consequences	Existing Control Measures	Assessment		Score	Proximity	Risk response (initial thoughts)
					Impact	Probability			
A FINANCIAL RISKS									
A1	TDBC may be unable to recover upfront costs	SW1 Finance	Detrimental impact on TDBC finances would mean heavy burden on the public purse	Finance models are being investigated to find the best fit	Major	Feasible			Financial model to be approved through SW1 finance
A2	Additional maintenance costs may be incurred	SW1	Project costs will go up; long term costs after project closure will increase	SW1 condition surveys and ASA reports on condition in place	Significant	Feasible			Reports are becoming out of date and therefore action needs to occur in a timely fashion
A3	Repeated breakdown of existing plant		Short or longer term pool closures	Condition surveys to ensure that likely outcomes are addressed prior to occurrence	Major	Likely			Further specialist surveys to ensure that likely outcomes are addressed prior to occurrence
A4	Participation may not increase	Tone	Pool would not be financially stable which would result in losses to Tone and, by extension, Taunton Deane Borough Council	Business models being put in place with financial forecast modelling	Major	Feasible			Robust business modelling and forecasts will need to be in place and these must be subject to rigorous challenge
B TIMESCALE									
B1	Project implementation may be unacceptable (publicly/politically)	Project team	Project lacks critical support and could fail as a result	Portfolio and elected members are briefed regularly	Significant	Feasible			Communications strategy should address this

B2	Project needs to align to new build at Blackbrook and closure at St James St	Project team/Tone	Loss of water space could mean that lessons or public swimming is no longer available for a period of time or permanently	Liaison with Tone over timetable	Major	Feasible			Tone are key to this
C RISKS TO RESIDENTS									
C1	Public health outbreak linked to failing equipment or reduced maintenance	Tone/Council	Serious illness outbreak; extended pool closure; potential litigation; HSE investigation of Council/Tone; loss of income/compensation to Tone; loss of public confidence	Independent assessment of pool maintenance process; review of staff training	Critical	Feasible			
C2									
D TDBC OPERATIONAL RISKS									
D1	Failure of windows	Council	Windows are close to failure	Condition surveys have identified this as an essential maintenance	Significant	Very Likely			Essential works to be carried out in timely fashion

Closure of St James St

03-Feb-12

Risk No.	Risk & descriptions	Risk Owner	Consequences	Existing Control Measures	Assessment		e	Scor	Proximity	Risk response (initial thoughts)
					Impact	Probability				
A FINANCIAL RISKS										
A1	TDBC may be unable to recover upfront costs	SW1 Finance	Detrimental impact on TDBC finances would mean heavy burden on the public purse	Finance models are being investigated to find the best fit	Major	Feasible				Financial model to be approved through SW1 finance
A2	Additional maintenance costs may be incurred	SW1	Project costs will go up; long term costs after project closure will increase	Project brief is addressing timescales to ensure timely completion of project	Significant	Feasible				
A3	Capital gain may not be high in current market		There may be a shortfall in the expected capital income which would need to be met elsewhere	None	Significant	Very Likely				Project Taunton will be crucial in delivering this aspect
A4	Repeated breakdown of existing plant		Short or longer term pool closure; loss of schools programme; compensation to Tone leisure	Condition surveys to ensure that future risks are identified prior to occurrence	Major	Very Likely				
B TIMESCALE										
B1	Project implementation may be unacceptable (publicly/politically)	Project team	Project lacks critical support and could fail as a result	Portfolio and elected members are briefed regularly	Significant	Feasible				Communications strategy should address this

PROBABILITY (A) (Likelihood)	5 Very Likely	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Feasible	3	6	9	12	15
	2 Slight	2	4	6	8	10
	1 Very Unlikely	1	2	3	4	5
		1 Insignificant	2 Minor	3 Significant	4 Major	5 Critical
		IMPACT (B) (Consequence)				

Appendix E

Equality Impact Assessment – New swimming pool provision at Blackbrook

Responsible person	Simon Lewis	Job Title: Strategy Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy or service	Yes
	Change to Policy or Service	
	Budget/Financial decision – MTFP	
	Part of timetable	
What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)	The Council is considering construction of a new swimming pool and learner pool on the side of Blackbrook Pavilion as well as upgrading Station Road pool and decommissioning St James Street pool.	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy?	The aim is to protect swimming provision in Taunton into the future. The current facilities are dated or failing and research has identified that a new pool plus a learner pool is the least that is required to maintain provision.	
Which protected groups are targeted by the policy?	The provision of swimming will affect people in the following protected groups: Age, Disability, Race, Sex, Sexual Orientation, Transgender. It is known that older people in particular benefit from swimming and that regular exercise and social gathering is beneficial to the older age groups. Additionally, water aids supporting the body in doing exercise and therefore swimming is very good for those with limited mobility or for some types of disability.	

<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p> <p>The information can be found on....</p>	<p>Data has been gathered from Sport England, in particular ‘Building Affordable Community Swimming Pools, from the Amateur Swimming Association, from local data collected to inform Sport England’s Facilities Planning Model Strategic Assessment of Needs for Sports Halls and Swimming Pools report in 2009. Additional information has been gathered from public consultation, most recently in 2005.</p> <p>Further work will be required to engage and consult with protected groups and the wider public to better understand the impact of proposed provision.</p>
<p>Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>	
<p>Groups with protected characteristics could benefit from a new provision since any new building will need to be fully compliant with the Disability Discrimination Act and other current legislation to protect the needs of those groups. This is also in an area of the town without current swimming provision and this could make swimming available to more people in protected groups, in particular older people without access to transport and those with mobility problems that live close to this provision but cannot access the town centre.</p> <p>There are no perceived negative outcomes at this stage as swimming provision will remain in the town centre as well, although it is acknowledged that the accessibility of Taunton Pool could be improved.</p>	
<p>I have concluded that there is/should be:</p>	
<p>No major change - no adverse equality impact identified</p>	<p>No adverse impact identified at this stage. To be kept under review through life of project.</p>
<p>Adjust the policy</p>	
<p>Continue with the policy</p>	
<p>Stop and remove the policy</p>	
<p>Reasons and documentation to support conclusions</p> <p>The engagement activity with the affected group will identify any impacts which are unforeseen by the project team at this time.</p>	

Section four – Implementation – timescale for implementation	
The project is intended to be completed within 2 years of the formal approval of recommendations to build.	
Section Five – Sign off	
Responsible officer: Simon Lewis Date: 6 th August 2012	Management Team Date
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Service area	Swimming pool provision		Date	6 th August 2012		
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions	
Ensure that protected characteristic groups remain at the forefront of planning throughout project management phase	Ongoing monitoring and appraisal of Equalities Impact Assessment and distinct area of work within risk register.	Project group	Ongoing	Councillor/CMT overview	Protected groups' needs will be properly considered within the outcomes of the new facility beyond the obvious legal requirements.	
Identify further needs of protected groups in drawing up full	Consideration of all protected groups when drawing up full business	Project group	December 2012	Corporate scrutiny and project group	As above	

business case	case.				