

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL****EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO****Cabinet  
17 March 2021**

**Report Title:** Kidsgrove Sports Centre Refurbishment

**Submitted by:** Executive Director Commercial Development and Economic Growth

**Portfolios:** Corporate and Service Improvement, People and Partnerships

**Ward(s) affected:** Kidsgrove & Ravenscliffe

**Purpose of the Report**

To note the progress made to date on the refurbishment works to Kidsgrove Sports Centre.

**Recommendation****That Cabinet**

1. Notes the progress made on the project since the September 2020 Cabinet meeting in terms of scope, design and budget in consultation with the Kidsgrove Leisure Centre Community Group.
2. Notes that the Kidsgrove Town Deal funding allocation announced by MHCLG on the 3<sup>rd</sup> March includes up to £2.3m towards the overall cost of the project.
3. Notes the further work to be undertaken to secure the release of the Town Deal funding and authorises the Executive Director – Commercial Development and Economic Growth, in consultation with the Portfolio Holder, Corporate and Service Improvement, People and Partnerships and the Kidsgrove Town Deal Board to progress this work with all haste to maintain momentum with the project.

**Reasons**

This project will allow the Council to fulfil its commitment to provide sports facilities in Kidsgrove that are modern, attractive and high quality that meet public expectations.

**1. Background**

- 1.1 The refurbishment and redevelopment of Kidsgrove Sports Centre and Swimming Pool is a corporate priority and will enable the centre to fully reopen to the public under community management, through the Kidsgrove Sports Centre Community Interest Company (KSC CIO).
- 1.2 Previously Cabinet has approved that this scheme be developed in line with the expectations of the KSC CIO to refurbish Kidsgrove Sports Centre. At its meeting in September 2020, Cabinet considered a report which allowed the project to develop beyond initial cost estimates through Willmott Dixon Construction Ltd being contracted to undertake detailed design and contract award price build up exercises in order to provide certainty of the cost of the refurbishment, informed by strip out of part of the building. The report noted that this work would be

completed in early 2021. This work has now been substantially completed and is the subject of this report.

## 2. Update

2.1 Since Cabinet received its September 2020 update on the project, there have been four areas where significant progress has been made:

- The process of transferring the site from Staffordshire County Council to the Borough Council was completed in November 2020; this is a significant milestone and has enabled the Council to progress discussions with the CIO regarding the onward lease from the Council to the CIO. In addition, the transfer released £352,273 in funding for the project from Staffordshire County Council.
- A community use agreement and funding agreement has been signed with The Kings School in respect of the Advance Town Deal funded new 3G pitch at the school, and works have commenced to build this facility. These agreements protect access to the sport centre.
- Willmott Dixon have continued their build-up of contract cost for the overall cost of the refurbishment.
- The Government announced in March 2021 that the Kidsgrove Town Deal had been successful, with £16.9m being awarded for projects in Kidsgrove, including up to £2.3m for the Kidsgrove Sports Centre project.
- The Town Deal Board at its meeting on March 15<sup>th</sup> confirmed its support for 'fast tracking' of the allocation of £2.3 million for Kidsgrove Sport Centre.

2.2 In December 2020 a strip out and enablement contract was awarded to WDC, which commenced in January 2021. These works have helped investigate further the building condition and the extent of the refurbishment works required.

2.3 The Project Steering Group which includes the CIO will meet shortly to receive the final costing from WD.

### Town Deal Funds – Process

2.4 In early March the Leader of the Council and the Executive Director for Commercial Development & Economic Growth met with the Minister at MHCLG overseeing the Town Deal Fund to discuss the process for releasing funds for "shovel ready" projects such as this. Release of the funds require the Council to work with the Town Deal Board to undertake a particular process:

- Development of full business case for each agreed project in line with HMT Green Book, to be approved by Cabinet.
- Confirm to MHCLG, via a "Summary Document" an overview of the business case. This Summary Document will be assessed by MHCLG before funding is released, and MHCLG reserve the right to scrutinise the Green Book business case if needs be.

2.5 Kidsgrove Sports Centre was included in the Town Deal bid as a "fast track" scheme. This has been supported by the Town Deal Board. The following work will now be undertaken:-

- Finalise the terms of the lease between the CIO and the Council which needs to be in place before a contract to complete the refurbishment can be let.

- Through the Green Book business case preparation, undertake a further process of value engineering and design consideration to test and challenge all elements of the budget.
- Through the Green Book business case, afford the CIO an opportunity to test their business assumptions in the light of the impact of Covid on the leisure and fitness sector.

### 3. **Proposal**

3.1 It is proposed that Council officers, the CIO, and the Town Deal Board work at pace to prepare the business case and Summary Document required by MHCLG and, once funding has been confirmed, bring forward a report to authorise the awarding of a contract for the complete refurbishment of the Kidsgrove Leisure Centre.

### 4. **Reason for Proposed Solution**

4.1 The decision will enable the project to progress in a way which is compliant with both the MHCLG requirements for Town Deal.

### 5. **Legal and Statutory Implications**

- 5.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social and environmental well-being of their area. That would include the intended provision at Kidsgrove Sports Centre.
- 5.2 In addition, the Council has a general fiduciary duty in respect of achieving best value in the proper use of public funds. Cabinet needs to be content that the proposal still represents value for money and meets an identified need which remains present and relevant in a post Covid 19 climate and market place.
- 5.3 There will be a need to ensure proper and effective agreements are entered into in order to ensure that the site is effectively and efficiently managed once operational. In addition to a lease, there will need to be a management agreement defining the rights and obligations of the various parties which ensures that the council is adequately protected against operating risks. The various contractual arrangements necessary to bring about the refurbishment will have to be undertaken in accordance with the Council's Contract Procedure Rules and Financial Regulations, which allow procurement through the use of frameworks such as SCAPE.

### 6. **Equality Impact Assessment**

6.1 Leisure has an important contribution to make to the wellbeing of the community. Programmes at the Centre can contribute to economic and social activity; improve the health of residents; bring communities together and introduce an identity; enable groups to represent themselves; develop sport and other skills; and provide opportunities for the voluntary sector and community activity.

### 7. **Financial and Resource Implications**

7.1 As previously reported, an options appraisal has been completed to compare the value for money offered by refurbishment of the existing Sports Centre and the alternative option of building a new Sports Centre in Kidsgrove. The appraisal has confirmed that the option of refurbishing the existing Sports Centre provides better value for money than the rebuild option with both a lower cash outlay and a lower NPV. This cost will be accommodated via funding within the existing approved capital programme, together with funding from the Town Deal as referred to in paragraph 2.7 subject to a successful outcome via the Town Deal Fund process.

- 7.2 The total expenditure incurred against the capital allocation for the scheme as at 10 March 2021 is £530k. This expenditure predominately covers site and structural surveys and strip out works which have taken place in order to be able to calculate the refurbishment costs. These costs are being monitored and reported to the “Capital, Assets and Commercial Investment Review Group” (CACIRG) as part of the overall Capital Programme.

## 8. **Major Risks**

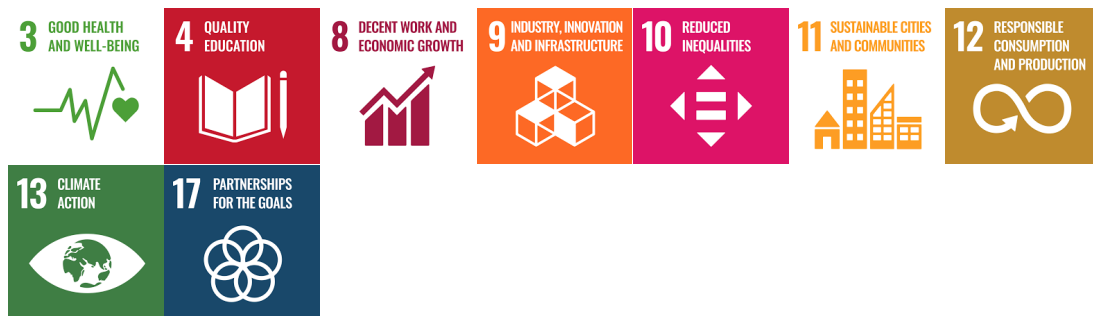
- 8.1 Risk has been considered as part of this report and two main specific high risks are included below:

8.1.1 There is insufficient capital budget – A sizeable capital allocation, sufficient to re-open the sports centre, is being resourced by the Council and the opportunity for external funding is being explored on behalf of the Council.

8.1.2 Community expectations - it is clear from the latent demand analysis that the community demand is not currently being met. The refurbished sports centre provides the opportunity to address this. However, there remains a risk that commercial leisure operators will enter the local leisure market seeking to capture this demand and in particular the more profitable elements. The Post COVID operating environment may impact on this but as yet it is untested.

## 9. **UN Sustainable Development Goals (UNSDG)**

- 9.1 This project is intended to enable the updating and re-use of a dilapidated community leisure facility bringing with it sustainability improvements, regeneration and economic benefits as well as social and health benefits associated with leisure provision. In that respect, the project supports the realisation of the following UNSDG objectives:-



## 10. **Key Decision Information**

- 10.1 This is not a Key Decision.

## 11. **Earlier Cabinet/Committee Resolutions**

- 11.1 The following previous reports relate:-

- Cabinet 9 September
- Cabinet 22 April 2020
- Cabinet 18 March 2020
- Cabinet 15 January 2020
- Cabinet 6 November 2019
- Cabinet 16 October 2019

12. **List of Appendices**

12.1 None

13. **Background Papers**

13.1 None