

EAST HERTS COUNCIL

REPORT TO COMMUNITY SCRUTINY COMMITTEE 7 APRIL 2009

REPORT BY HEAD OF COMMUNITY AND CULTURAL SERVICES

6. DEVELOPMENT PROPOSALS AT GRANGE PADDOCKS AND HARTHAM LEISURE CENTRES (LEISURE CONTRACT VARIANT BID 2)

WARD(S) AFFECTED: All

“D” - RECOMMENDATION: that (A) financial implications (when available) and cultural impact of plans for the development of Grange Paddocks and Hartham leisure centres be reviewed and;

(B) Members' comments and recommendations be forwarded to the Executive.

1.0 Purpose of Report

1.1 To update Members on the plans for developing the council's leisure facilities at Grange Paddocks and Hartham and to seek the Committee's views on the financial and cultural benefits arising from the proposals.

2.0 Contribution to the Council's Corporate Objectives

Promoting prosperity and wellbeing and providing access and opportunities

2.1 *Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.*

3.0 Background

3.1 The Committee will recall that bidders for the new leisure contracts submitted a variant bid to their base bids, that showed indicative development proposals for investing approximately £3.2m, out of the Council's total capital allocation of £3.84m for Grange Paddocks, Hartham and Castle Hall. This variant bid showed the reduction on the management revenue fee, payable by the council should the development be built.

3.2 SLM (Sports Leisure Management), who won the contract and now manages the facilities on a ten year fixed fee contract, has been invited to invoke the proposals that they submitted as a variant to their winning base bid. The intention and desire of both parties has been to proceed with this project as soon as possible. The ambition would be to have the new facilities open and operational by the end of December 2009 in order to realise the increased revenues predicted from the annual January gym membership increase.

4.0 Report

4.1 The description of works for developments at Grange Paddocks and Hartham, as attached at Appendices A and B (pages 6.5 – 6.6) received planning consent on 11 March 2009. The consent relating to Grange Paddocks is conditional on an archaeological assessment being made.

4.2 As the works are part of SLM's original competitively tendered bid, it has been possible under the Council's Standing Orders to allow them to undertake the building development project management role. In this capacity they tendered the works prior to planning consent being granted. The tender returns were due on 18 March 2009.

4.3 It will take SLM, their professional advisors and East Herts Council officers a number of weeks to fully assess the returns. Nevertheless, it is the intention that SLM and council officers will be in a position to present the key elements of the business case for the development proposals to the committee. The key elements of the business case will include:

(A) Financial benefits to the council in the form of a reduced management fee assessed against the cost of the proposed capital investment.

(B) How the improved and developed services will contribute to the delivery of the council's Cultural Strategy and to targets identified in the Sustainable Community Strategy.

4.4 The Committee will be invited to challenge the assumptions referred to in paragraphs (A) and (B), and advise the Executive accordingly.

4.5 An additional paper headlining the business case will be circulated to the Committee within the next few days.

5.0 Consultation

5.1 None.

6.0 Legal Implications

6.1 Should the developments take place then the management fee payable under the contract will be amended accordingly.

7.0 Financial Implications

7.1 There is £3.84m capital already allocated in the council's capital programme for development work at Grange Paddocks, Hartham and Castle Hall. The impact of this capital spend has already been included in the council's revenue budgets. If additional capital is required, then this will be addressed in the context of the availability of capital in the council's programme.

7.2 The capital investment will be conditional on there being a demonstrable revenue benefit to the council in the form of a reduced management fee and improved outcomes in relation to the aims of the Cultural Strategy and the Sustainable Community Strategy.

8.0 Human Resource Implications

8.1 None.

9.0 Risk Management Implications

9.1 The risk will be managed through SLM who will use a standard design and build contract for the development works.

Background Papers

Executive papers August 2008.

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