

COMMITTEE: WEST LUTON AREA COMMITTEE

DATE: 15th JANUARY 2009

SUBJECT: LUTON AQUATICS CENTRE PROJECT UPDATE

REPORT BY: BSF DIRECTOR

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IMPLICATIONS:

LEGAL	✓	COMMUNITY SAFETY
EQUALITIES		ENVIRONMENT
FINANCIAL		CONSULTATIONS
STAFFING		OTHER

WARDS AFFECTED: All

PURPOSE

1. To update the Committee on the results of the Feasibility Study Report on the Luton Aquatics Centre and subsequent progress on the project.

RECOMMENDATION(S)

2. West Luton Area Committee is recommended to note the progress made to date.

BACKGROUND

3. In early 2008 the Aquatics Centre Project Board identified the need to revisit the previous feasibility work on the replacement of Wardown Swimming and Leisure Centre (WSLC) as it was up to ten years old, was based on a 25m pool and didn't take in to account significant changes such as the Building Schools for the Future Programme, Napier Park or the Milton Keynes, South Midlands Growth Area.

REPORT

Purpose of the Feasibility Study

4. The purpose of the feasibility study was to establish whether a 50 m 'Olympic' pool and world class diving training centre to replace the WSLC is a viable prospect for Luton. It examined the five areas that are key to the success of the project:
 - Site – selection of an appropriate site to reduce the total cost and enhance the long-term success of the Aquatics Centre.
 - Scope – Determining the optimum mix facilities to improve financial viability and contribute to meeting the Council's strategic objectives.
 - Operator – Beginning the process to select an operator for the Centre.
 - Procurement – Delivering the project in the most cost effective way.
 - Finance – Ensuring the Centre will be both affordable to build and run.

Recommendations

5. The feasibility study report recommends that the Luton Aquatics Centre is a viable proposition for Luton because:
 - the Luton Regional Sports Centre site is suitable for the development,
 - the preferred scope will deliver a facility that will meet the needs and aspirations of users,
 - Active Luton should be able to operate the Centre, meeting the standards expected and providing value for money,
 - the LEP will provide a cost effective way to deliver the project,
 - an affordable, deliverable business plan has been developed,
 - work to identify capital funding is at an advanced stage.

Summary of the Feasibility Study Report's Findings

Strategic Context and Business Need

6. A strategic review of the context of the project identified drivers and constraints:
 - Addressing health and obesity problems, especially in the young, and improving life expectancy.
 - Providing better quality sports facilities to improve participation in sports and active recreation.
 - Delivering a sustainable building that will meet the Authority's commitments on climate change.
7. Customer feedback shows a high level of satisfaction with the service provided at Wardown Sports and Leisure Centre (WSLC) but concerns from a significant number of users, including clubs and groups, over the condition and facilities.

8. The age of the plant and boilers are significant issues, increasing running and maintenance costs as well as occasionally causing the Centre to close. Maintenance costs are high due to the age and condition of the building. The repairs and maintenance backlog is estimated to be up to £1.5million. Usage of the centre is currently holding steady but is forecasted to drop as patterns of usage change in the next few years.

Site

9. The need to replace WSLC was identified in 1998 due to the condition of the building and the outdated facilities. The initial feasibility study recommended replacing the pool on a new site in Wardown park as the Bath Road site was unsuitable for a number of reasons. Further work in 2001 and 2002 concluded that Bath Road and Wardown Park were unsuitable and that the Stockwood Park Golf Clubhouse was the best option. In the same year an extensive feasibility study on Bath Road was completed that confirmed that the site was not suitable for the new pool because of site conditions, the constraints the site placed on future development, poor soil and environmental conditions and planning concerns.
10. The Electrolux Sports Ground on Addington Way was selected at the preferred option in 2005 but, as a result of the Housing Stock Option Appraisal in the same year, the Council was no longer able to fund the development.
11. In early 2008 the Project Board identified the need to revisit the previous feasibility work as it was up to ten years old, was based on a 25m pool and didn't take in to account significant changes such as the Building Schools for the Future Programme, Napier Park or the Milton Keynes, South Midlands Growth Area.
12. The first stage of the site feasibility study identified nine sites across the Borough and reviewed each to identify any significant risks or issues that would impact on the development of the Aquatics Centre. As a result, two sites were short-listed for the next stage of the study – Luton Regional Sports Centre (LRSC) and Barnfield College's Technology Centre in Enterprise Way.
13. For the second stage of the study, each site was subject to detailed assessments covering a range of areas including; existing use/compatibility, access, impact on existing facilities and funding implications. LRSC scored significantly higher than the Enterprise Way site and was selected as the preferred site for the Aquatics Centre.

Scope

14. The brief for the study was a 50m 'Olympic' pool and world class diving training centre to replace WSLC. A scope was developed to meet the brief and the needs of existing users and the wider community. A number of key user groups were identified with specific needs:
 - Elite and Performance Athletes – require ASA/FINA compliant facilities for competition and training at the highest level.

- Swimming Development and Aquatic Sports – require flexible, adaptable facilities to meet the range of needs from first learners and school swimming to regular sports users e.g. synchronised swimming, canoe polo or scuba diving
 - Casual users – also require flexible, adaptable facilities to provide a range of activities along with social and supporting facilities such as a café and crèche.
15. Swimming pools are expensive facilities to run and including other facilities to cross subsidise the 'wet side' will make the Aquatics Centre more economically viable. Commercial drivers support fitness facilities, aerobics studios and multi-use sports halls. There is also an opportunity to develop facilities that will contribute to meeting the Council's strategic objectives and a need to ensure that all of Luton's communities can access the services provided.
16. As a result of the work on scope, a preferred facilities mix is recommended:
- Main Pool - 50m, 10 lane main pool with movable floor and boom to allow flexible use,
 - Multi-purpose pool – 25m x 17m, 5m deep with diving boards to 10 m high and a movable floor to support diving and a range of other uses.
 - Fitness Suite – 100 station, state of the art gym
 - Sports Hall – large enough to accommodate a range of sports and activities including football, basketball and martial arts
 - Aerobics/Dance studios
 - Dry diving training room – part of the world class diving training facilities
 - Café, crèche, meeting room

Operator

17. The operator of the Aquatic Centre will be a key part of the success of the Centre and can make a significant contribution to the design, if involved at an early stage. This will also give them more time to plan their involvement and make the appropriate resources available.
18. Active Luton currently manages the services provided through WSLC, LRSC and Putteridge Recreation Centre which are expected to be provided through the Aquatics Centre when it opens. Under the terms of the Funding and Management Agreement with Active Luton, the Council is required to give it the opportunity to compete to manage any new facilities opened by the Borough.
19. A dialogue was opened with Active Luton to establish whether it has the capacity and capability to operate the Centre and provide value for money. It submitted an initial proposal that was assessed against a national framework which demonstrated the Active Luton was likely to be able to meet the Council's expectations in most areas. Dialogue is continuing and Active Luton will resubmit its proposal in mid-December.

Procurement – Construction

20. The construction of the Aquatics Centre will be a major project and the most effective means to procure the project was reviewed to ensure that the chosen route was affordable, managed risk effectively and ensured value for money. No PFI funding is currently available for this type of project. A Public Private Partnership (PPP), the Local Education Partnership (LEP) and traditional routes were all considered.
21. The preferred route is to use the LEP. This removes the need to go through the European procurement process, reducing costs and project lead in times significantly. The agreement with the LEP includes a two stage process for project development that will ensure market testing, include continuous improvement, performance targets and provide added value through local labour agreements and training. The LEP will also be able to deliver economies of scale.

Finance

22. The latest estimate of the capital costs for the Aquatics Centre is £24.9 million for a new build development and £19.7 million if some of the existing facilities are reused. The preferred option is for a new build development that will improve the certainty of costs, ensure lower costs in facilities management and lifecycle costs and deliver better quality facilities. The overall financial impact on the Council of all options will need to be considered in making a final decision on the facility and facilities mix, based on best estimates of the whole life costs of each option.
23. Options for using funding that could be raised by London Luton Airport Limited are currently being explored with specialist advisors. Considering the current state of the financial markets, the most likely option has to be borrowing by the Council, with the costs of repaying that borrowing funded as a first call on the Council's airport dividend. In the current market it is not safe to assume that the current capital programme allocation can be realised in time to build a pool. Therefore the base case will need to be built upon prudential borrowing.
24. The revenue costs of the capital funding, assuming prudential borrowing, are likely to be between £1.5m and £2.2million per annum. Whilst the final facilities management / lifecycle costs cannot be determined until the design of the facility is finalised, the team are working towards a cost neutral position. Active Luton's five-year business includes a subsidy requirement that meets this criterion.

Continued Project Development

25. To progress the project, further work is required to produce an outline business case. This will form the basis for a decision on whether to proceed to the formal project development process with the Local Education Partnership.
26. The outline business case will cover:
 - *Strategic Context and Business Need* - a strategic analysis of the relationship and synergies between the Centre and the Council's vision, corporate strategies, policies and plans. It will highlight the rationale and need for the

Centre, and the contribution the Centre can make to the Council's broader strategies.

- *Project Objectives* - the business need for the service and the improvements required from the project, developed in terms of the outputs required,
- *Options Appraisal* - the identification and appraisal of a range of options that will deliver the outputs required, that best meet the service delivery needs and deliver best value.
- *The Preferred Option* – a statement of the benefits of the preferred option, how it delivers best value and the affordability.
- *Project Delivery Arrangements* – the intended approach to the procurement of the project and the key issues that are to be addressed in the subsequent development, procurement and delivery of the project.

27. The OBC will be completed in April 2009.

LEGAL IMPLICATIONS

28. There are no legal implications at this stage and this has been agreed with Mary Cormack in Legal Services on 16 December 2008.

LIST OF BACKGROUND PAPERS

LOCAL GOVERNMENT ACT 1972, SECTION 100D

Executive Report 17th November 2008 - Luton Aquatics Centre Feasibility Study
North Luton Area Committee Report 29th May 2008 - Luton Aquatics Centre project update