

Decision Maker: EXECUTIVE

Date: For Pre-Decision Scrutiny by the Renewal, Recreation and Housing PDS Committee on Wednesday 17 April 2024

Decision Type: Non-Urgent Executive Key

Title: LEISURE CENTRES MAJOR WORKS PROGRAMME - APPROVAL TO PROCEED PART 1 (PUBLIC) REPORT

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Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: Orpington; West Wickham;

1. Reason for decision/report and options

1.1 Following Executive's approval of both the 'Procurement Strategy for the Leisure Centre Major Work Programme' (report no: HPR2023/044) in August 2023 and the 'Leisure Centre Major Programme' (report no: HPR2023/054) in October 2023, Executive are now asked to approve the recommendations contained within this report in order to begin construction works at both West Wickham and the Walnuts leisure centres.

2. **RECOMMENDATION(S)**

The Renewal, Recreation and Housing PDS is asked to note the contents of this report and make any comments available to the Council's Executive.

Members of the Executive are asked to:

General Recommendations

- 2.1 Delegate authority to the Director for Housing, Planning, Property and Regeneration, in consultation with the Renewal, Recreation and Housing Portfolio Holder, to enter into a Full Repair and Insurance Lease, up to a period terminating no later than March 31st 2059, with the tenant operator named in the Part 2 report, after works are completed for both West Wickham and the Walnuts Leisure Centres, as set out in paragraphs 3.2 to 3.6 of the Part 2 report.
- 2.2 Approve the acceptance of £296k grant funding from Sport England to fund solar panels and pool covers at West Wickham Leisure Centre.
- 2.3 Subject to plans remaining within budget at the end of RIBA 4, delegate authority to the Director of Housing, Planning and Regeneration, in consultation with the Director of

Corporate Services, to enter into a Development Agreement with Alliance Leisure Services to deliver the works and services (project management and quantity surveying) contained within this report for both the West Wickham and Walnuts Leisure Centres.

- 2.4 Approve the release of £640,750 from the Section 106 Carbon Offset Fund scheme, as accrued through developer contribution, for air handling units and building energy management systems to support additional carbon reduction and improved energy efficiency of both the Walnuts and West Wickham leisure centres.**
- 2.5 Delegate authority to the Director of Environment & Public Protection, in consultation with the Portfolio Holder for Environment and the Director of Housing, Planning and Regeneration, to approve the allocation of additional Section 106 Carbon Offset Funding, up to 20%, should there be an overspend on the installation of air handling units and building energy management systems.**
- 2.6 Delegate authority to the Director of Environment & Public Protection, in consultation with the Portfolio Holder for Environment and the Director of Housing, Planning and Regeneration, to approve the allocation of additional Section 106 Carbon Offset Funding, up to £150k, for further identified carbon reduction projects during the leisure centre major works programme.**
- 2.7 Approve the acceptance of a £1m contribution from the tenant operator towards the major works.**

Walnuts Leisure Centre

- 2.8 Approve £10.949m from the OPR's budget for leisure centres to fund the proposed works and services at the Walnuts Leisure Centre.**
- 2.9 Approve an additional budget of £232,310 above the OPR allowance, funded from OPR Contingency (see 6.4), required to deliver the major works.**
- 2.10 Approve the plans for the Walnuts Leisure Centre as set out on pages 30-32 of the Part 1 Appendices and laid out in paragraphs 3.38-3.55 of this report.**
- 2.11 To note that any Planning Applications required will be submitted.**

West Wickham Leisure Centre

- 2.12 Approve £402,390 from the OPR's budget for leisure centres to fund the proposed enabling works package at West Wickham Leisure Centre.**
- 2.13 Approve £15.374m from the OPR's budget for leisure centres to fund the proposed works and services at West Wickham Leisure Centre.**
- 2.14 Approve an additional budget of £550,000, above the OPR allowance, funded from OPR Contingency (see 6.4), required to deliver the major works as a result of the major structural issues at this site.**
- 2.15 Approve the plans for West Wickham Leisure Centre as set out on pages 12-13 of the Part 1 Appendices and laid out in paragraphs 3.56-3.67 of this report.**
- 2.16 To note that any Planning Applications required will be submitted.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Positive impact on vulnerable adults and children through the provision of community leisure facilities.
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Transformation Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority:
 - (1) For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: £29.82m (£27.1m OPR Capital Budget; £296k Sport England grant; £640k Carbon Offset Funds; £1m Tenant Operator; £782k Council capital receipts)
 2. Ongoing costs: Not Applicable: one-off costs.
 3. Budget head/performance centre: OPR Capital Budget.
 4. Total current budget for this head: £27.1m (OPR capital budget)
 5. Source of funding: £27.1m OPR Capital Budget; £296k Sport England grant; £640k Carbon Offset Funds; £1m Tenant Operator; £782k Council capital receipts;
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Personnel

1. Number of staff (*current and additional*): 1.5
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: This report seeks to award a development contract with Alliance Leisure via the UK Leisure Framework. This process has been carried out within the guidelines of the framework.
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Property

1. Summary of Property Implications: The Estates team will ensure that appropriate Licences for Access and proposed Works are entered into with the tenant prior to construction commencement.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Following completion of works, the energy efficiency of the premises will be improved, resulting in lower energy bills and higher rental yield.
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Impact on the Local Economy

1. Summary of Local Economy Implications: N/A
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Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Short term negative impact due to works closures, long term positive impact above with fit for purpose facilities available at the centres.
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Customer Impact

1. Estimated number of users or customers (*current and projected*): The centres receive about 20,000 visits per month.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Ward Councillors support the major works to the leisure centres.

3. BACKGROUND

- 3.1 The Walnuts (built 1970) and West Wickham (built 1967) Leisure Centres are amongst the boroughs most used facilities, averaging in excess of c.20,000 visits per month. Leisure centres, although not a statutory service, provide important access to community health and fitness and are a key component of the Council's statutory public health remit. Both facilities are at the end of their natural design life and an Indoor Sports Facilities Needs Assessment for Bromley has identified that retaining both of these facilities is required to meet with demand, particularly in relation to swimming pool provision. Given the strategic nature of these sites, the facilities have formed part of the Council's Operational Property Review (Executive Report, November 2022).
- 3.2 As part of the Council's Operational Property Review, led by the Property division, a review of all Council properties has been undertaken. This review included leisure facilities, and both the Walnuts and West Wickham facilities were identified as requiring significant investment. A provisional sum of £27.1m (plus £500k feasibility funding) was identified for these works (Executive Report Nov 2022 and March 2023). This sum was based on high level appraisals of works needed at both sites in 2020/21 and was calculated before the construction sector experienced high levels of inflation, peaking at 10.4% in May 2022. Given the scale of works required, and likely total replacement of some significant parts of the facilities, this has been managed as a major works programme by the Regeneration team. The remit of the project is to secure the facilities for the future and increase the potential of the facilities to secure a rental yield.
- 3.3 In 2018, leisure centre facilities in Bromley were moved to 40-year leases with Mytime Active. The facilities were grouped into two lots: Group 1 facilities on a Full Repair and Insuring Lease (FRIL) with MyTime Active and Group 2 facilities, on a lease of the same length but with the Council retaining maintenance responsibilities. West Wickham and the Walnuts leisure centres are currently in the Group 2 leases. Upon completion of the Major Works programme, both facilities will move to Group 1, where the tenant is responsible for all repairs and insurance, as well as paying a commercial rent to the Council for the properties.
- 3.4 In July 2019, Executive (Report DRR19/038) approved £1.5m to replace the Boilers serving the Orpington District Heating System. Due to factors outside of the Council's control, this was subsequently amended to works to decentralise the district heating networks into localised plant solutions. The revised proposals were approved by the Portfolio Holder in November 2021. This programme of work is still ongoing and comprises the following works: Orpington Library now has its own Air Source Heat Pump installation, and the adjoining Shopping Centre is now disconnected from the system. The adjacent Saxon Centre will be provided with its own dedicated boiler plant as part of its forthcoming OPR programme of works. The Walnuts Leisure Centre will be connected to a containerised packaged boiler plant fed from a new dedicated gas supply. It should be noted that the heating works relating to the Walnuts Leisure Centre are only temporary measures in advance of the main works taking place.
- 3.5 Given the public investment being proposed in these facilities, it is important to ensure that the facilities will be utilised to their full potential and meet demand both now and in the future. The plans put forward in this report are informed by users of the centres and the business modelling supported by independent, Sport England-accredited business consultants, Max Associates. To inform this, a significant engagement exercise was undertaken including online surveys for both users and non-users at both centres; focus groups, discussing topics such as accessibility, economic development, youth needs and the views of stakeholders; individual sessions with clubs as well as surveys sent to schools and sport clubs that utilise the centres. It should be noted that the survey was made available in accessible formats and there were representatives on different days in the high streets and in the centres also gathering feedback to ensure

residents without digital access were included. There were 6135 responses to the surveys (3436 for The Walnuts and 2699 for West Wickham) and 135 attendees at the focus groups.

- 3.6 The October 2023 Executive report (HPR2023/054) approved a budget of £2.017m from the OPR's £27.1m budget for leisure centres for costs relating to the telecoms equipment at West Wickham and to develop the scheme to RIBA stage 3/4, bringing the project to a stage where the Council would have some cost confidence in the works required, and construction could commence. There continues to be ongoing maintenance issues at both sites, most notably at West Wickham Leisure Centre where, due to structural issues identified during RIBA 3, the centre had to close earlier this year.
- 3.7 To reduce the period of time that West Wickham leisure centre is closed to the public, this report has been brought forward earlier than planned, to seek approval for the works required at each site, together with the budget required. Furthermore, providing a development agreement can be entered into, within the identified budget, it is recommended to delegate Authority to the Director of Housing, Planning, Property and Regeneration, in consultation with the Director of Corporate Services, to enter into the Agreement to allow works to progress at West Wickham followed by the Walnuts.

ALLIANCE LEISURE SERVICES APPOINTMENT

- 3.8 As approved by Executive in August 2023 (Report HPR2023/044), the Council will appoint Alliance Leisure Services under a Development Agreement via the UK Leisure Framework. This is a compliant single supplier framework created by Denbighshire County Council. The UK Leisure Framework, although a single operator framework, is a compliant route to procurement and will allow the Council to benefit from the skills, expertise and extensive network that Alliance Leisure have in the leisure industry. Alliance Leisure would be responsible for contracting the principal contractor, subcontractors and the day-to-day management of the build works, minimising the risk to the Council. Alliance Leisure will work with the Council to ensure that all key project requirements are met within budget.
- 3.9 Members should be assured that the framework was procured in a competitive market and best value can be demonstrated through the selection of a team with a relevant track record and by benchmarking the fees against other projects. In addition, the UK Leisure Framework has identified fee parameters which were evaluated by independently appointed cost consultants, advising the framework owner, as part of the submission process. This robust appointment process is why the UK Leisure framework is used by so many local authorities.
- 3.10 If the recommendations in this report are approved, the Council will appoint Alliance Leisure through a 'Call Off' contract (Delivery Management Agreement) to deliver the construction works to the completion of RIBA 7. Alliance Leisure will then enter into a JCT (Joint Contracts Tribunal) 2016 Design and Build Contract with the appointed Principal Contractor.
- 3.11 The Principal Contractor and Alliance Leisure will be held to account throughout delivery of the project. This will be done through continuous review and measurement against agreed cost plans, programme, risk registers and agreed KPIs, to ensure all are on target and any proactive mitigation strategies are put in place if necessary. Monthly Contractor's Reports are presented to aid this process and provide transparency throughout, alongside with monthly site visits (as a minimum) to review works.

COMMENTARY

- 3.12 Following the October 2023 Executive report, Alliance Leisure facilitated a contractor selection process, through a mini competition, to select a Principal Contractor for each leisure centre. Pre-vetted Principal Contractors, via the UK Leisure Framework, were invited to bid for the

proposed works and conduct site visits. The competition involved the submission of multiple quality questions alongside a pricing schedule. These questions examined, amongst other things, their leisure experience, methodology and social value. Bidders were asked to make their best endeavours to hire local subcontractors where possible and engage with the local skills and employment programmes developed by the Council. These points were evaluated as part of the social value question which, alongside other questions, were evaluated by Council officers. The Principal Contractor candidates were subsequently invited to interviews with the Council to answer questions regarding their submission and the winning candidates were appointed. A similar approach has been taken for principle works contractors for the following councils:

- Durham County Council, Bishop Auckland Leisure Centre
- Shropshire Council, Whitchurch Leisure Centre
- Northeast Derbyshire Council, Clay Cross Active
- Wychavon District Council, Droitwich Leisure Centre
- Somerset Council, Chard Leisure Centre

3.13 Given the complexity and risks involved in delivering leisure schemes and the current fluctuating and unpredictable market conditions, the Council has benefitted from the close integration of the Principal Contractor throughout the design development process. It has enabled their input on buildability and specialist subcontractor packages early in the design stages. In addition, this approach has reduced the risk of designs not aligning with the budget as the contractor was able to provide costings advice while the designs were being developed.

3.14 ISG Ltd have been selected to complete the works to West Wickham Leisure Centre due to the complexity and higher risk nature of the site. ISG have extensive experience of efficiently delivering similar leisure schemes of this nature.

3.15 Etec Group have been selected to deliver works to the Walnuts Leisure Centre due to their significant experience of delivering refurbishment projects in live operational environments similar in scope and size to the Walnuts. Etec are able to deliver this site more cost effectively than a larger contractor, providing value for money for the Council.

3.16 Members should note that both contractors have committed to utilising Bromley's building control service, ensuring the project benefits from Officer's expertise, but also that these service from the income fee.

3.17 The Council submitted a bid for the Swimming Pool Support Fund Phase 2 funding from Sport England. The grant provides capital funding to improve energy efficiency of public facilities with pools in the medium to long term. Bromley was awarded £296,225 to install Solar Panels and Pool Covers at West Wickham. Appropriate measures are now being put in place to ensure Bromley can utilise this funding and improve the energy efficiency of West Wickham leisure centre.

3.17.1 Whilst neither of these items are part of the core works as part of the Leisure Centres Major Works Programme, therefore, this funding cannot replace or reduce any of the Council's capital investment towards the programme of works, the centre will benefit from these efficiency measures, and it is likely to increase the rental yield as the operator will benefit from such measures through lower energy consumption.

3.18 In February 2024, the results of concrete surveys in the basement of West Wickham Leisure Centre revealed immediate concerns for public safety. Significant amounts of corrosion have been found on the suspended ground floor slabs which form the ceiling in the Plant Room and

the floor on the first floor. The surveyors believe that the corrosion is severe enough that temporary structural propping should be immediately installed to the main pool surround undercroft, the engineer storeroom and the general plant storeroom within the basement areas. The Council took the decision to close the centre immediately and officers were instructed to expedite the remaining survey work at West Wickham in order to bring forward the planned works. Unfortunately, the cost of the remedial works to the concrete throughout the centre (£1m) has consumed a large part of the budget, necessitating a significant scope reduction overall.

S106 CARBON OFFSET FUNDING

- 3.19 The primary purpose of the Carbon Offset Fund (COF), stipulated in its terms and conditions, is to reduce carbon emissions, including reducing energy demand, and promoting cleaner and greener local sources of energy. It was set up using developer contributions via s106 payments for schemes that needed to 'offset' their carbon footprint by funding projects elsewhere in the local authority area.
- 3.20 Local Plan Policy 124 and London Plan Policy SI 2 requires major development to be net zero in their carbon emissions. Where the carbon reduction target cannot be met on site for these proposed developments, or once on-site carbon reductions have been maximised, the shortfall to zero carbon is offset by making a cash-in lieu contribution into the relevant Local Planning Authorities' carbon offset fund. All Boroughs are required to establish and administer a carbon offset fund (COF).¹
- 3.21 Amendments to the CIL Regulations in September 2019 has lifted the restriction on pooling more than five Section 106 contributions towards a single item of infrastructure.
- 3.22 The carbon payments must be ring-fenced to implement projects that deliver carbon reductions. The operation of the COF is monitored and reported annually to the Greater London Authority.
- 3.23 Certain elements of the plans to the Walnuts and West Wickham leisure centres are eligible for this funding. Due to the funding gap identified following high inflation since the beginning of the Pandemic, key upgrades to the buildings, such as replacement of the Air Handling Units (AHU), have been reduced in scope or valued engineered out of the base proposals to prioritise other items.
- 3.24 A recommendation has therefore been made for a total of £640,750 to be used from the COF pot for both leisure centres. This includes:
- 3.24.1 Replacing the aged and in poor condition AHUs that have surpassed their design life, (costs include the addition of a variable speed drive (VSD), to improve the energy efficiency further).
 - 3.24.2 Replace the out of date and obsolete building energy management (BEM) systems for added carbon reduction and energy efficiency.
- 3.25 AHUs are essential for effective climate control in leisure buildings, particularly in centres with swimming pools where controlling the sheer volume of moisture in these atmospheres is essential to protect the fabric of the building from water damage, ensuring services run efficiently, customer satisfaction is upheld, and utility costs are managed. The proposed systems also work best when combined with BEMs which ensures automatic control.

¹ [London Borough Bromley - Planning Obligations Supplementary Planning Document, June 2022](#)

- 3.26 A comprehensive replacement of both centres' AHU systems and associated VSD, facilitated through the carbon offset grant, would offer energy savings in the region of 25-35% for this machinery and ensure the lifespan of the buildings are extended.
- 3.27 Likewise, comprehensive and well-controlled modern BEM systems can save up to 20% of energy costs.
- 3.28 Implementing these measures at the same time as the extensive refurbishment works are being undertaken would save additional cost and time and avoid further disruption to services at a later stage.
- 3.29 The cost and carbon savings are set out in the table below, with the proposal applications for the AHUs and BEMs set out in appendix C:

Leisure Centre Project:	Estimated Project Cost (£)	Estimated annual savings (£)	Estimated annual savings on current total utility charges (%)	Estimated annual carbon saving (tCO2e)	Total carbon savings, lifetime – 30years (Tonnes CO2)	Cost per tonne of Carbon saved per year (£/tCO2)	
						West Wickham	Walnuts
AHU & VSD	329,000	55,655	8.9	116.6	3,498	£93.72	£94.82
BEM system	311,750	95,219	15	168.1	5,043	£70.62	£56.73

3.30 Leisure Centres are amongst the highest energy users and carbon emitters of any public facility. The benefits of the measures proposed are clearly identified by:

- Reduced carbon emissions.
- Reduced energy bills and long-term costs.
- Reduced maintenance responsibilities.
- Increased rental yield.
- Improved public leisure facility.

3.31 The carbon offset fund currently stands at £981k and therefore, there are sufficient funds to approve this request. As further developments are progressed, additional funding will become available to support other carbon reduction projects across the borough.

3.32 It should be noted that if the request for s106 Carbon Offset Funding (COF) is not approved, the capital investment needed from the Council's capital receipts will increase by £640k.

3.33 The contributions from the COF, which are proposed to be used for these projects, are detailed in Appendix C.

BASE PROPOSALS

3.34 The primary objectives of the Leisure Centre Major Works programme are to repair and replace end of life materials at the centres for the benefit of residents, to transfer the facilities on full repair and insurance leases and for the tenant operator to pay a commercial rent to the Council. This will reduce the financial burden of the centres' maintenance whilst also generating an income that would support the upfront capital investment.

- 3.35 Officers have worked stringently with Alliance Leisure and the appointed principal contractors to get to a Works Contract Price as close to the indicative budget as possible. Originally officers advised that there could be an increase of several million, however, the team have managed to keep the additional cost down to just under £800k, despite the increased concrete structural works at West Wickham, as well as the inflation experienced by the economy since the original budget was proposed in 2022.
- 3.36 The proposed costs for the delivery of base works at Walnuts is estimated to be circa £11.2m. The proposed costs for the delivery of the base works at the West Wickham Leisure Centre is estimated to be circa £16.3m. Assuming the Executive approve the allocation of £640k from Section 106 Carbon Offset Funds, this will be an increase in the required capital contribution from the Council of £782k.
- 3.37 Detailed below is what will be included in the Works programme for each site, members should note that all current facilities will be re-provided post works. Officers have worked to ensure there is a balance in repairing the building and ensuring there is sufficient works undertaken that offer a leisure service fit for the future to provide a sustainable facility that generates a rental income. These are therefore considered the minimum requirements. There are items that Officers are excluding at this stage from the recommendations but, as previously requested, these additionalities could be costed and worked through and presented to Members in the future for consideration. These costs are not currently available for consideration.

WALNUTS LEISURE CENTRE

- 3.38 For the purposes of comparison, Members can find a summary of the October 2023 RIBA 2 proposals for the Walnuts Leisure Centre on page 24 of Appendix B.
- 3.39 The RIBA 2 indicative plans for both leisure centres were approved in October 2023. Subsequently, in an effort to adhere to the budget parameters of the OPR, whilst also delivering on the feedback of Members, officers have collaborated with Alliance Leisure to devise innovative, value-engineered solutions to bring the project as close to the indicative budget as possible and align with intentions outlined in the October 2023 Executive report. Changes to the indicative plans contained within the October 2023 report are summarised below.
- 3.40 The existing large male and female wet changing rooms are being removed and replaced with a smaller unisex changing village, with private cubicles, as illustrated on page 30 of Appendix B. A changing village is a more efficient use of space than the current arrangement and so the disused space could also be utilised for the re-provision of dry-side changing rooms on the ground floor. This space has been planned out and reserved for dry-side changing rooms, as indicated on page 30 of Appendix B, but the budget does not allow for these facilities to be fitted out and included in the current scheme.
- 3.41 The space behind reception would remain mothballed but could be converted into another studio space and party room, as detailed on p30 of Appendix B, if additional grant applications are successful in future.
- 3.42 The Changing Places (fully adaptive toilet and changing facility) has been moved to the changing village to accommodate a relocated first aid room (with access to both wet and dry facilities) and extra toilet provision in the café/reception area.
- 3.43 The reception and servery have been combined and the kitchen space has been divided, providing a ground floor office, offering operational efficiencies, easier access to staff for customers and a larger, open-plan café space, improving the attraction of the centre and increasing secondary spend.

- 3.44 It has been necessary to omit works to replace the soft play at this time, as the costs are prohibitive.
- 3.45 A consultation room has been provided in the enlarged gym space facilitating fitness assessments, personal treatments, and nutritional counselling, amongst other things. It offers a confidential space for personalised guidance and support, enhancing the overall fitness experience for individuals.
- 3.46 The studio and circulation on the first floor and the entire second floor, which consists of another studio and circulation space will be omitted from the works and left in its current condition. This omission saves circa £185k.
- 3.47 The current learner pool hall, which accommodates a 12.5m x 7.3m learner pool (91.25m²) and a small spectator seating area, will be mothballed as illustrated on page 30 of Appendix B. The saved space will be reserved for potential future improvements or additions. In the main pool hall, the 33.33m x 15m pool (500m²) will be repaired, lined with a modular Myrtha renovation system and partitioned with a new permanent boom. This will create a new 25m x 15m, 6 lane competition-standard pool (375m²) and a new 15m x 6.3m learner pool (94.5m²). While these changes represent a reduction in overall water space by 20%, there are no negative impacts to the functionality of the space.
- 3.48 The Myrtha renovation pool system creates a made-to-measure new steel pool tank that will fit into the existing pool structure, providing a high-quality new pool at a significantly reduced cost. The Myrtha system is used in many pools across the country.
- 3.49 The new pool layout offers multiple advantages. Not only does this change reduce the cost of the overall works by £750k, but the reduction in overall water space and the new proximity of the pools will also lower the operator's utility costs. This is a significant consideration given that pools are generally not profit-making facilities and is an important consideration when the rent is calculated after the works have completed. Furthermore, relocating the learner pool to the main pool hall will facilitate a continuous flow of spectators between the cafe and the seating area, thereby increasing secondary spend within the centre. Finally, the new 25m pool can be utilised for competition training and water polo. Given the upgrade of the spectator seating as part of the works, the centre will also be able to host competitive events in these activities. The tenant operator has advised that the centre's capacity for swimming lessons would not be diminished by these changes and has advised their preference for the new layout compared to the current arrangement.
- 3.50 The swimming club, Orpington Ojays, has also expressed their support and will be fundraising in order to provide new diving blocks, touch sensitive racing pads and a numerical score board for competition swimming, allowing the club to host swimming galas and providing an extra source of revenue for both the club and the tenant operator.
- 3.51 The £500k of funding from the tenant operator for the Walnuts Leisure Centre will pay for the Innerva equipment, a permanent boom across the main pool, replacement sauna and stream facilities and a splash wall. These are all therefore included in the works.
- 3.52 A summary of the M&E works to the Walnuts can be found on page 23 in Appendix B
- 3.53 A summary of the capital investment required for the Walnuts Leisure Centre is set out below. Members should note that officers and the Council's delivery partner have a high level of confidence in these figures, but they are not finalised and could change, particularly if the wider economic climate changes. Although it should be noted that any increase in overall budget would be required to be brought to Members for further consideration before the final Development Agreement can be entered into.

Element	Costs at RIBA 3
Construction contract value	£9,538,000
LBB Contingency	£476,900
Performance Bond	£76,304
Drowning Detection	£45,000
Power-assisted equipment - Innerva	£102,377
Café fit out	£80,000
Principal Designer fee	£12,300
Principal Designer fee - New BSA Regs	£16,000
Project Management & Quantity Surveyor	£89,359
ALS Development Management & Delivery	£90,145
Clerk of Works	£30,000
Sauna / Steam	£60,000
Boom	£300,000
Splash Play	£65,000
UK Leisure Framework - Access fee	£24,324
Bromley Internal Costs	£175,000
Total (exc vat)	£11,180,710

3.54 The works costed as part of the base proposals for the Walnuts Leisure Centre, contained within this report, seek to provide repair and replace, and modernise the centre where appropriate, in order to secure a commercial rent for the Council.

3.55 Whilst it is recognised that some residents may be disappointed with the omission of some elements of the leisure centre, the results from the Walnuts leisure centre public engagement exercise support the plans put forward in this report. The most popular facilities to residents, such as the gym (72%), the swimming pool (93%) and a cafe (93%), will receive significant investment as part of these proposals. A full breakdown of the engagement results can be found in the Part 1 appendices to the October report. Officers are of the view that the proposals achieve a balance in what has been identified as important for the public, the operator and best value for Council resources.

WEST WICKHAM LEISURE CENTRE

3.56 For the purposes of comparison, Members can find a summary of the October 2023 RIBA 2 proposals for West Wickham Leisure Centre on page 6 of Appendix A.

3.57 Similarly to the Walnuts Leisure Centre, the plans for West Wickham Leisure Centre have changed slightly from those proposed in October 2023. This is due to value engineering efforts and solutions to structural columns that cannot be relocated. These changes are outlined below.

3.58 The Changing Places has been relocated to the Changing rooms due to a structural column that cannot be relocated. The Café area has subsequently expanded into the area previously designated for the Changing Places.

3.59 The kitchen space has been reorganised to accommodate an office behind reception. The reception/servery desk has also been expanded due to the enlarged café space. The office

space behind the newly provided lift has subsequently been changed to extra toilet provision to serve the café/soft play zones.

- 3.60 Two consultation rooms have been provided in the enlarged gym space facilitating fitness assessments, personal treatments, and nutritional counselling, amongst other things. It offers a confidential space for personalised guidance and support, enhancing the overall fitness experience for individuals.
- 3.61 In order to save Council resources and reduce the financial burden of this project, it is proposed to effectively build a new pool inside the existing learner pool tank. Proceeding with this method, rather than demolishing the existing pool tanks and rebuilding them, saves circa £250k. Unfortunately, however, there is a slight reduction in water space as a result. The learner pool, which is currently 15m x 7m (105m²), would become 13.8m x 5.8m (80m²), representing a 24% reduction in water space. The water space to the main pool will not be affected and will remain 33.5m x 12.8m. The main pool depth would, however, decrease from 3.8m to 3.4m to accommodate new pool filtration equipment. Members should note that 3.4m is the minimum depth required for springboard diving so the centre would retain capacity for this activity.
- 3.62 Due to its current structural condition, the existing concrete walls that form the tank of the main pool will be taken down to basement level. Above the basement level, a new main pool tank will be formed of a modular panelised lining system produced by Myrtha. Below the basement level, the existing concrete walls will be repaired and retained and lined with a modular Myrtha renovation system.
- 3.63 Due to its structural condition and the original type of construction, the existing concrete walls forming the tank of the learner pool cannot be cost effectively repaired to enable them to be reused. Consequently, the existing pool tank concrete walls will be retained with a modular panelised lining system, produced by Myrtha, set within them. This will result in the change of pool dimensions as outlined in 3.61 above.
- 3.64 The £500k contribution from tenant operator to the works at West Wickham will fund the Innerva equipment, future/immersive studios and a splash wall in the learner pool hall, these are therefore included within the base proposals.
- 3.65 A summary of the M&E works to West Wickham can be found on page 5 in Appendix A.
- 3.66 A summary of the capital investment required for West Wickham Leisure Centre is set out below. As is the case with the Walnuts, Members should note that officers and the Council's delivery partner have a high level of confidence in these figures, but they are not finalised and are liable to change before the main works contracts are signed.

Element	Costs at RIBA 3
Construction contract value	£13,679,610
Enabling works	£402,390
LBB Contingency	£704,100
ISG Contingency for concrete works and surveys	£500,000
Drowning Detection	£45,000
Power-assisted equipment - Innerva	£102,377
Immersive and future studios fit out	£130,000
Soft Play fit out - Play Revolution	£65,000

Café fit out - OBL	£85,000
Principal Designer	£16,200
Principal Designer - New BSA Regs	£16,000
Project Management & Quantity Surveyor	£107,239
ALS Development Management & Delivery	£135,416
Clerk of Works	£30,000
Splash Play	£100,000
UK Leisure Framework - Access fee	£32,237
Bromley Internal Costs	£175,000
Total (exc vat)	£16,325,569

3.67 Similar to the Walnuts, the results from the West Wickham leisure centre public engagement exercise support the plans put forward in this report. The most popular facilities to residents, such as the gym (77%) and the swimming pool (97%) will receive significant investment as part of these proposals. In addition, revised facilities, such as soft play (85%) and a cafe (93%) received significant support from residents. A full breakdown of the engagement results can be found in the Part 1 appendices to the October report.

OPTIONAL EXTRAS FOR CONSIDERATION

3.68 The proposals outlined above are the recommended base proposals for works. Officers believe that these proposals will repair the fabric of the building, including the mechanical, electrical and plumbing (MEP) works to required standard as well as deliver centres that can achieve a rental yield. This assumption will require an increase to the current indicate leisure centre capital programme, of £782k.

Officers are currently costing additionalities that could be considered if there are further funding opportunities in the future, particularly through grant income secured. These can be bought forward at a later date for consideration. At this point in time are they cannot be recommended by officers as they are not fully costed and due to the wider financial pressures faced by the Council.

RISKS

3.69 The Strategic Risk Registers detail 53 potential risk items at the Walnuts and 56 potential risks at West Wickham, rated between 'very low' and 'high'. There are currently no 'almost certain' risks. These are broken down in the table below:

	Walnuts	West Wickham
Very Low	1	3
Low	39	36
Medium	13	15
High	0	2

- 3.70 Surveys undertaken during RIBA Stage 3 have identified physical risks (relating to the building structure and services) that have been factored into the Stage 3 design and will be considered during Stage 4 design development to reduce the forecast risk impact.
- 3.71 The highest rated risks (13 medium at the Walnuts and 15 medium, 2 high at West Wickham) generally relate to the completed scheme not complying with defined project parameters approved at the end of Stage 3 (e.g. brief, budget and programme) and impact of construction activities on centre operations and health and safety. The two high rated risks at West Wickham are outlined below:
- 3.71.1 Further concrete investigation findings increase project costs and programme. Mitigating action: an enabling works package for West Wickham is being proposed in order to explicitly define the scope of concrete works before entering the main works contract.
 - 3.71.2 Survey findings during RIBA 4 extend preconstruction works and delay the programme. Mitigating action: continually review programme, anticipate delays and schedule surveys early in order to avoid overruns.
- 3.72 The risk registers detail the required actions during Stage 4 (design completion) and Stage 5 (construction) to mitigate the impact of each risk item. This risk register will be reviewed during Stages 4 and 5 on a monthly basis to identify any changes to the risk profile and agree actions required to manage, mitigate and close out each risk item.

ENABLING WORKS

- 3.73 To mitigate the potential cost and programme impact of these risks, it is recommended to commence a phase of enabling works at West Wickham that will comprise of asbestos surveys and removal, intrusive testing of concrete structural components and testing for deleterious materials. The findings of this work will inform the main construction works contract sum. A summary of the actions proposed as part of the enabling works is outlined below:
- 3.73.1 Surveys to establish the location of asbestos containing materials (ACMs).
 - 3.73.2 Works to remove ACMs.
 - 3.73.3 Erection of hoarding around the building.
 - 3.73.4 Intrusive investigations of structural concrete components.
 - 3.73.5 Surveying fire compartmentation.
 - 3.73.6 Detailed investigation of mechanical and electrical building services and interface with existing structure.
 - 3.73.7 Isolating mechanical and electrical building services.
 - 3.73.8 Testing for lead paint / deleterious / contaminated materials.
 - 3.73.9 Modelling to assess the thermal performance of existing and proposed fabric.
 - 3.73.10 Assessment of existing trees (to inform the planning application).
 - 3.73.11 Preliminary ecological assessment (to inform the planning application).
 - 3.73.12 Point cloud survey to develop a 3D model of the building.
 - 3.73.13 Ground condition / contamination survey.
- 3.74 The costs of these works amounts to £402k and would be financed from the Council's budget for West Wickham. Should the Council opt against an enabling package, these costs would still be incurred by the Council during the main works, however, the benefits, as outlined below, would not be realised.

- 3.75 Undertaking the enabling works during the pre-construction, rather than after the start of the main works, means that the risk implications can be assessed and quantified before the construction contract is executed, significantly reducing the construction contract risk profile and potentially lowering costs.
- 3.76 Other benefits of an enabling works package include addressing any statutory (e.g. building regulations and planning) implications, further information to inform the contractual construction programme, helping the Council to avoid prolongation fees, and designing out any significant issues before the main works commences.
- 3.77 Deferring the enabling works activities, as outlined above, to the main works contract would result in a higher risk profile and the construction contract would include a significant risk cost and extra time allowance (programme) built in as a consequence.

BUDGET

- 3.78 The OPR budget for leisure centres is £27.1m. This report anticipates the Council's contribution increasing to £27.88m. This, in addition to a £1m contribution from the tenant operator and the £640k s106 COF request, as well as Sport England grant funding as outlined in this report. This result in a total budget for the base proposals of £29.82m. Therefore, should members approve the base proposals for each site and the s106 COF request, as outlined in this report, the budget breakdown is as follows:

PROJECT BUDGET	£
Council Contribution	£27.882m
Tenant Operator Contribution	£1m
S106 Carbon Offset Funding	£640k
Sport England Grant Funding	£296k
Total Project Budget	£29.82m

- 3.79 The project costs, as outlined in this report, are summarised below:

RIBA 3 PROJECT COSTS	£
Walnuts	£11,180,710
West Wickham	£16,325,569
RIBA 3&4	£1,866,032
Solar Panels & Pool Covers	£296,225
Telecoms Costs	£150,000
Total Project Cost	£29,818,536

PROGRAMME OF WORKS

- 3.80 In October 2023, Members approved the programme of delivery whereby works to both centres are overlapped while ensuring that one pool remains open throughout. However, as a result of the recent structural problems identified at West Wickham, resulting in the immediate closure of the centre, this programme of delivery is no longer considered the optimum solution.
- 3.81 Officers have liaised with the Council's delivery partner and an enabling works package can start work immediately. This enabling package, outlined in paragraphs 3.73-3.77, would complete in Autumn 2024 allowing the main works to West Wickham to then proceed.

Additional time would need to be added to West Wickham's programme because of the structural works now required, resulting in completion in late 2025.

3.82 Officers had previously raised the risk of a closure of West Wickham, due to its condition, and this has been realised. This remains a live consideration for the Walnuts, albeit to a lesser possibility than West Wickham Leisure Centre. Therefore, officers' recommendation is to progress works at both centres as soon as possible. This will result in both pools being closed for circa 24 weeks. However, without doing this, there is the risk that the Walnuts may have to close anyway. Therefore, the recommended estimated programme is set out below:

3.83 West Wickham

3.83.1 Enabling Works: Spring 2024 – Late 2024

3.83.2 Commencement of main works: Late 2024 – Late 2025

3.83.3 Works complete and site reopens: Late 2025/Early 2026

3.84 Walnuts Leisure Centre

3.84.1 Dry side works (Pool remains open): Early 2025 – Summer 2025

3.84.2 Dry side works completed, and facilities reopen: Summer 2025

3.84.3 Pool works: Summer 2025 – Spring 2026

3.84.4 Works complete and site fully reopens: March 2026

NEXT STEPS

3.85 Should the recommendations, contained within this report, be approved, officers will liaise with Alliance Leisure to start the enabling works package at West Wickham and erect hoarding as soon as possible.

3.86 RIBA 4 surveys and designs will continue at the Walnuts Leisure Centre in preparation for the start of works. Officers will seek to enter into appropriate contracts with their delivery partner early, regarding the Walnuts, so that orders can be placed for expensive machinery and components, limiting the effect of inflation and reducing lead times in preparation for the start of works.

3.87 Officers will work with their consultants and delivery partner to resubmit another application to the Public Sector Decarbonisation Scheme as appropriate in Autumn 2024 in an effort to secure additional capital funding to decarbonise the leisure centres. While these efforts may be too late for West Wickham Leisure Centre, a positive result may still be secured in advance of the Walnuts Leisure Centre starting works. It is expected that the Property teams' works to the district heating system will be complete soon allowing for an accurate submission to be made.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 Both centres will feature spaces for Innerva suites (to be fitted by the tenant) designed to assist individuals with reduced physical capabilities due to old age or physical injuries and are organised in a way to ease loneliness and encourage social interaction. The leisure centre works will also improve accessibility, especially at West Wickham, where no lift to the first floor is present.

4.2 Changing Places toilets, which cater for those with complex and multiple disabilities, will also be provided as part of the core works to the centres. With limited Changing Places facilities in the borough, residents, their families, assistants and carers are excluded from local spaces due to lack of provision. This includes both West Wickham and the Walnuts leisure centres. The inclusion of these services will create more inviting locations for those in need of the facilities and create easier access to leisure activities.

5. TRANSFORMATION/POLICY IMPLICATIONS

5.1 This project contributes to the Council's Transformation Programme and its vision that 'the London Borough of Bromley is a fantastic place to live and work, where everyone can lead healthy, safe and independent lives in supportive communities.'

5.2 The Council's Regeneration Strategy also sets out an action for the development of 'new leisure centres that respond to current and future need in West Wickham and Orpington and create commercial opportunities that complement and support the community facilities, to ensure sustainable futures.

5.3 The Bromley Local Plan states its vision that "Bromley is known for the high quality of its living, working and historic and natural environments. The Council, local people, organisations and businesses work together to ensure that we all enjoy a good quality of life, living healthy, full, independent and rewarding lives".

6. FINANCIAL IMPLICATIONS

6.1 This report follows the leisure works programme paper that went to exec in October 2023 ref HPR2023/054B.

6.2 The October paper outlined a possible budget gap in the leisure centre OPR of over £2m, this position has now been refined and reduced to a gap of £783k as outlined in section 3.78 above.

6.3 The £783k budget request is on top of an additional £1m contribution from the tenant operator towards the refurb works, additional £640k s106 COF request, as well as Sport England grant funding of £296k as outlined in this report. This will increase the council contribution to this project from £27.1m to £27.882m, with an overall increase to the OPR budget to £29.82m as outlined in the table in section 3.78.

6.4 The £783k of growth requested will come from the £4m OPR Contingency budget, this was created to cover situations where costs have significantly surpassed original budget estimates due to economic factors, which this meets.

6.5 The paper requests for approval subject to plans remaining within budget at the end of RIBA 4, to delegate authority to the Director of Housing, Planning and Regeneration, in consultation with the Director of Corporate Services, to enter into a Development Agreement with Alliance Leisure Services to deliver the works contained within this report for both the West Wickham and Walnuts Leisure Centres.

6.6 VAT advice in relation to the tenant operator contribution will be taken to ensure there is no adverse financial impact.

7. LEGAL IMPLICATIONS

7.1 Legal Contracts

- 7.1.1 This report seeks executive approval to approve the recommendations set out at 2.1 – 2.16.
- 7.1.2 The Council has the legal power to hold, maintain and develop its landholdings and buildings in connection with its functions and general powers in the way described in this report in particular in connection with its leisure and recreation powers under section 19 Local Government Act (Miscellaneous Provisions) Act 1976.
- 7.1.3 Procurement of these works and services may fall within the Public Contracts Regulations 2015 or Procurement Act 2023 (once in force) depending on their value and will require a further detailed analysis as to the recommended procurement approach. Each procurement will need to ensure it complies with the Councils Contract Procedure Rules and internal decision-making under the Councils' Constitution. Officers should seek specific procurement and legal advice on any procurement arising from this report.
- 7.1.4 The Council will need to adhere to and comply with the requirements of the Sport England funding agreement.

7.2 Legal Property

- 7.2.1 In relation to the proposed grant of a lease referred to at 2.1. The Council has power under s.123 of the Local Government Act 1972 to dispose of this land by way of a grant of a lease for the best consideration that can reasonably be obtained (usually based on open market value).
- 7.2.2 S.123 of the Local Government Act 1972 confers powers to the Secretary of State to give general consent for the purposes of land disposals by local authorities carried out under their powers in Part 7 of the 1972 Act.
- 7.2.3 The Local Government Act 1972: General Disposal Consent 2003 removes the requirement to seek specific consent from the Secretary for any disposal of land where the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the well-being criteria in the Local Government Act 2000:
- the promotion of improvement of economic well-being;
 - the promotion of improvement of social well-being;
 - the promotion of improvement of environmental well-being; and the "under- value" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2,000,000 or less.
- 7.2.4 Applications for specific consent, if appropriate, should be sent to the Department for Levelling Up, Housing and Communities ("DLUHC") and include the following information:
- Written description of the land and buildings, the location

- Written description of how the land is currently held by the Council
- Details of any leases, encumbrances such as easements
- Summary of the proposed disposal/transaction
- Detailed valuation report signed by a qualified member of RICS. Ideally valuation should be done no earlier than 6 months before application for consent.

7.2.5 This only applies to land held as general fund land. It does not apply to land sold under 2.233 TCPA 1990.

8. PROCUREMENT IMPLICATIONS

- 8.1 This report seeks to award a development contract with Alliance Leisure via the UK Leisure Framework. This process has been carried out within the guidelines of the framework.
- 8.2 As this award relates to the appointment of a development partner via a single-supplier framework, the competition requirements under the Contract Procedure Rules 8.2.1 and 14.10 are not applicable.
- 8.3 As the contract value is over £30k including VAT, an award notice will need to be published on Contracts Finder. As the contract value is over the thresholds set out in the PCR 2015, a Find A Tender award notice must be published. A voluntary standstill period will need to be observed.
- 8.4 The Council's specific requirements for authorising an award of contract are covered in CPR 16 with the need to obtain the Approval of the Executive, with agreement from the Chief Officer, Assistant Director Governance & Contracts, Director of Corporate Services and Director of Finance. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 8.5 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

9. PROPERTY SERVICES COMMENTS

- 9.1 The Estates team will ensure that appropriate Licences for Access and proposed Works are entered into with the tenant prior to construction commencement. A report from an external valuer will be required certifying that the transaction meets the requirements of s123 of the Local Government Act at the appropriate time.

10. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

- 10.1 The Leisure Centre Major Works programme will have significant advantages in terms of carbon reduction and social value. The core requirements include the reduction of carbon emissions at both sites as inefficiencies are addressed and upgraded. For example, modern mechanical and electrical systems, double glazing, insulation and LED lighting will be utilised. Social value and the use of local subcontractors was also included as a quality question in the mini-competition for the main works contractor.
- 10.2 With leisure centres having some of the highest energy requirements of any public facility, the use of the carbon offset fund will likewise ensure additional carbon reduction and energy saving measures are realised. The replacement of the AHU with the variable speed drive and the building energy management systems, demonstrate value for money by costing less than £100

per tonne of carbon saved on a yearly basis. In addition to the carbon savings, the energy savings will ensure reduced yearly energy bills which will also support an increase in the potential rental yield.

11. IMPACT ON HEALTH AND WELLBEING

- 11.1 The current operator provides the following health programmes on behalf of the Council: FreshStart, an exercise referral programmer offering supervised physical activity for those recovering from illness or those living with a long term medical condition; HeartSmart, a service designed to improve the health and wellbeing of those diagnosed with heart conditions and Escape Pain, a pain management group-based programme designed to help manage osteoarthritis of the hip and/or knee.
- 11.2 While closure of the centres may result in temporary loss of facilities for the duration of the works, the lasting impact of this major works programme will be significantly advantageous on local health and wellbeing and provide long term facilities. For example, Innerva suites are included in the core requirement of the centres, offering power-assisted exercise equipment which provides a low impact, full-body workout circuit for older adults and those living with long term conditions or physical injury. The machines would be outward facing facilitating social interaction between users, working to ease loneliness in the older generation. The suite promotes active ageing, helping to combat loss of muscle tissue and enhance balance and flexibility into older age.
- 11.3 Business modelling of the proposed works also anticipates increased utilisation of the centres due to the expanded, upgraded and modern features, helping to increase active participation in the borough. It is therefore expected that these works will have a significant impact on health and wellbeing and officers will work with the operator and public health to assess this overtime.

12. CUSTOMER IMPACT

- 12.1 While the leisure centres will temporarily be closed to customers during the construction periods, the benefits of the enhanced facilities will far outweigh this inconvenience. The upgraded amenities will provide an elevated range of activities available at both sites, including renovations to existing areas such as the changing rooms and reception areas, as well as the addition of new features such as Innerva suites and a soft play area at West Wickham. Furthermore, there will be a variety of ‘behind-the-scenes’ upgrades to the plant and MEP systems that will improve the overall customer experience at both sites.

13. WARD COUNCILLOR VIEWS

- 13.1 Councillors are supportive and aware of the reasons for the programme change contained within this report.

Non-Applicable Headings:	Personnel Implications, Local Economy Comments
Background Documents: (Access via Contact Officer)	‘Procurement Strategy for the Leisure Centre Major Work Programme’ (report no: HPR2023/044). ‘Leisure Centre Major Programme’ (report no: HPR2023/054)