

# Public Document Pack

## CABINET MEMBER FOR EDUCATION, CULTURE AND LEISURE SERVICES

Venue: Town Hall, Moorgate  
Street, Rotherham.

Date: Tuesday, 18 May 2004

Time: 9.45 a.m.

### A G E N D A

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
  2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
  3. Outline Business Case for Leisure/Joint Service Centre Project and Next Steps
- to seek agreement to continue the procurement of the Leisure/Joint Service Centre Project**

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
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1. **Meeting:** Cabinet Member, Education, Culture and Leisure Services
2. **Date:** 18th May, 2004
3. **Title:** Outline Business Case for Leisure/Joint Service Centre Project and Next Steps
4. **Originating Officer:** Graham Sinclair  
Acting Strategic Leader, Resources and Information,  
Education, Culture and Leisure Services  
Extension 2648
5. **Issue:**  
To seek agreement to continue the procurement of the Leisure/Joint Service Centre Project, having reported on the outcome of the Outline Business Case Submission to the Treasury Project Review Group, and the Council's request for additional PFI Credits from the Office of the Deputy Prime Minister (ODPM).
6. **Summary:**  
The Treasury Project Review Group has approved the Council's Outline Business Case for the Leisure/Joint Service Centre Project and the ODPM has agreed additional PFI Credits. If agreed, the next step is to place an advertisement in the Official Journal of the European Union requesting bids from the private sector to design, build, finance and operate all of the facilities (including the leisure delivery) for a period of up to 30 years.
7. **Clearance/Consultation:**  
Resolutions B174 and B181 of Cabinet Meeting of 11th December, 2002;  
Resolutions 14 and 15 of the Cabinet of 1st October, 2003;  
Cabinet Member for Education, Culture and Leisure Services of 16th December, 2003;  
Regeneration Board of 17th December, 2003;  
Cabinet Member for Education, Culture and Leisure Services, of 13th January, 2004;  
Resolution B242 of the Cabinet of 11th February, 2004.
8. **Timing:**  
The Treasury Project Review Group approved the Outline Business Case on 11th May, 2004. If agreed, the next stage is to go out to tender through the Official Journal of the European Union with immediate effect. The result of this exercise will be brought back to the Cabinet in August before the full tender document, the Invitation to Negotiate, is issued. The whole procurement procedure should last until Autumn 2005, when it is planned that building would commence.
9. **Background:**  
In December, 2002, the Cabinet resolved to make a second PFI submission to cover schools, swimming pools and a joint service centre.  
  
The schools bid was ultimately unsuccessful and the Council is now pursuing a proposal within Building Schools for the Future.

The swimming pools and Joint Service Centre were approved by the Department for Culture, Media and Sport (DCMS) and the ODPM in July 2003. £15m PFI credits (DCMS) were awarded for three swimming pools on school sites, while the JSC attracted £2.6m PFI credits (ODPM).

The swimming pools project will result in a major rationalisation of Rotherham's swimming provision and is based on the results of a Facilities Need Assessment and extensive consultation. This showed that the majority of swimming pools are outdated, not energy efficient and not easily accessible to people with physical disabilities and other people within the community.

Ten existing outdated swimming pools are to be closed and replaced with four new strategically sited pools, one to serve Rotherham town centre and the west of the borough, and three to serve the north, east and south of the borough respectively. A town centre fringe 1970's leisure centre at Herringthorpe will be demolished and rebuilt as a dry centre.

The PFI credits will fund pools placed on secondary school sites: Wath in the north, Maltby in the east and Aston in the south. These will be complemented by a new town centre pool at St. Ann's as well as the dry centre at Herringthorpe. The latter will be financed by the private partner with repayments by the Council from ring fenced revenue budgets. On completion of the build, all existing swimming pools will close.

The Joint Service Centre will be located at Maltby on the existing site, near to the swimming pool and school, part of a living, learning and health complex. It will be multi-agency and provide multi-service premises offering a range of facilities under one roof. It will link education, leisure, housing and social services, health and the police. A new building, it will be part of a hub and spoke arrangement in the Council's one stop shop strategy. Town centre facilities will be mirrored by 6 area based community facilities, including Maltby. Supporting the success of the Joint Service Centre will be a strong partnership between the Council, the Primary Care Trust and RBT (Connect) Ltd.

The project will request the private sector provider to bid to design, build, finance and operate all of the facilities (including the actual leisure delivery) for a period of up to 30 years.

**10. Argument:**

The Project Review Group approved the Council's OBC on 11th May, 2004, and at the same time, the ODPM agreed a sum of £5.83 m PFI Credits (compared to the original £2.6 m). Although £6.7 m PFI Credits were requested, the Project Review Group was comfortable that there was sufficient funding to go ahead to the next stage of procurement. They also recognised that the Council would rescope the project if necessary, once costs had been received from the bidders in reply to the Invitation to Negotiate. In summary, the Project Review Group's approval means they recognise the project is value for money, affordable and deliverable.

Consequently, it is proposed that the Council requests expressions of interest from the market through the Official Journal of the European Union. The Project Team would report back to the Project Board on the results of this, followed by a report to

Cabinet. The Invitation to Negotiate would be released in August or early September, 2005.

**11. Risks and Uncertainties:**

These are two-fold:

Should the Council not agree to this form of procurement, it would be difficult, if not impossible, to fund the construction, maintenance and operation of the 4 new swimming pools, 1 dry centre and 1 joint service centre.

If agreed, the principal uncertainty relates to the attraction of suitable consortia to bid for the project. However, soft market testing for the Outline Business Case has led to expressions of interest from at least 2 big leisure companies.

**12. Finance:**

Finance for the project was described in the original OBC report of 11th February, 2004 and agreed by Cabinet. This was:

Leisure

- (i) £15 m PFI Credits from DCMS for the pools at Wath, Aston and Maltby.
- (ii) The existing ring-fenced budgets, for the operation of all pools, the dry centre at Herringthorpe and for premises repairs and maintenance. This amounts to £1.48 m in 2003/04 budgets.
- (iii) Cautious assumptions relating to income (85% of the Sport England income model)

Maltby Joint Service Centre

- (i) £5.83 m PFI Credits from ODPM (originally £2.6 m).
- (ii) Existing ring-fenced budget for premises repair and maintenance of £90,000 per annum in 2003/04 budgets.
- (iii) Future revenue contributions from the rationalisation of the whole Council accommodation of £79,000 per annum
- (iv) Rental from the Rotherham Primary Care Trust for their part of the building.

**13. Sustainability:**

The project will contribute to the sustainability and regeneration of leisure facilities and the Joint Service Centre, supported by more efficient and effective buildings of good quality design.

**14. Wards Affected:**

All

**15. References:**

As in Section 7.

**16. Presentation:**

The Leisure/Joint Service Centre Project will result in:

- Iconic design for a town centre renaissance swimming pool at St. Ann's.
- Excellent design for the 3 pools on school sites, the dry centre at Herringthorpe and the Joint Service Centre at Maltby.

- Design to an output specification which reflects environmental sustainability as well as ongoing excellence over a minimum 30 year period.
- The delivery of a leisure operation which will radically improve the number and quality of swimmers in Rotherham.
- Value for money proposals, ensuring the project is affordable to the Council.

**17. Recommendations:**

**It is recommended that a notice calling for expressions of interest for this project is placed in the Official Journal of the European Union with a further report on the outcome of this process being made to Elected Members in August 2004.**