

KEY DECISION? YES

FARNBOROUGH LEISURE AND CULTURAL HUB – NEXT STEPS

SUMMARY AND RECOMMENDATIONS:

In January 2023 the Government announced that the Council's bid for £20m Levelling Up funding to support the delivery of a Leisure and Cultural Hub in Farnborough had been successful. In March 2023 Cabinet considered a report (REG2303) which identified the next steps in the project, authorised allocation of funding to enable work to commence and confirmed that Council should enter into a Memorandum of Understanding with Government to enable the drawdown of funding. The report also provided budget to enable the project to procure a Leisure Operator to commence.

This report provides an update on the current position with the Leisure and Cultural Hub project and work undertaken on the design development. It proposes the final project scope, seeks confirmation of the schedule of accommodation to be included in the design and asks for permission to submit the required planning application(s). This report also confirms that officers will commence negotiation regarding the sale of Council owned land and termination of associated leases to enable the construction of a mobility hub.

This report also sets out the approach and timing for the Leisure Operator procurement to ensure that the new operator can input into the final design of the facility.

Finally, this report identifies the budget required to complete the pre-construction phases of the project and sets out the associated funding strategy and risks.

It is recommended that Cabinet:

- 1) Approves the scope of the project as follows:
 - a. Leisure and Cultural Hub to include:
 - Leisure Centre with the revised facilities mix as set out in paragraph 3.12
 - Shared café/bar
 - Library and associated community space

- Cultural space including art gallery, digital lab, collaboration space and studios
 - Customer access to council and voluntary sector services
 - Council Offices
 - Meeting rooms
- b. Mobility Hub (circa 350 spaces)
 - c. Skate park
 - d. Play area
- 2) Agrees to progress design development to RIBA Stage 3, planning submission and associated costs of circa £1,050m.
 - 3) Delegate to the Executive Director in consultation with the Portfolio Holder for Major Projects and Property and the Project Board as required to agree the approach to finalise the sustainability and design based on Return-on-Investment modelling.
 - 4) Notes the project timetable, decision gateways and dependencies as set out in the report.
 - 5) Agrees the intended land assembly process as set out in confidential Appendix 1.
 - 6) Notes the estimated project budget and current funding strategy.
 - 7) Agrees the overall operator procurement and appointment approach as outlined in this report.
 - 8) Confirms the immediate commencement of the operator procurement process in accordance with the draft contract specification and conditions outlined in appendices 2 & 3.
 - 9) Delegates any decision to amend the procurement documentation as required throughout the process to the Executive Head of Operations in consultation with the Portfolio Holder for Operational Services
 - 10) Agrees a further extension of the existing contract with Places Leisure to operate the Aldershot Pools & Lido by up to 12 months, whilst the leisure operator procurement process is undertaken.

1. INTRODUCTION

- 1.1 The purpose of this report is to seek Cabinet approval to progress detailed design (to RIBA Stage 3 and planning submission) for the Leisure & Cultural Hub including Council office accommodation alongside the associated facilities including Mobility Hub, Play Area and Skate Park.
- 1.2 The indicative project cost is £68 million including all elements of the scheme. This is the funding envelope that the project team will seek to achieve during design development.
- 1.3 The report formally determines the scope and budget of the scheme and provides approval to undertake detailed design up to RIBA Stage 3 and submission of a reserved matters planning application.

- 1.4 The cost for completion of the next phase of work is estimated at up to £1,050,411. This will be funded using Levelling Up funding.

2. BACKGROUND

- 2.1 Since 2019, the site of the former Farnborough Recreation Centre, Plot B on the Civic Quarter Masterplan (See Figure 1 below) has been identified for the development of a new leisure centre.



Figure 1 Civic Quarter Development Plots

- 2.2 In 2020 (RP2009) an Outline Business Case was approved to develop a feasibility study for the development of a combined Leisure & Civic Hub including a new library and office space. The feasibility work considered a range of options including the relocation of the current Council offices alongside other public and voluntary sector uses. The relocation of the Council would enable the development of the Council's current site (Plot J) for housing in line with the Masterplan aspirations.
- 2.3 In February 2021 (Report OS2101), Cabinet took the decision not to re-open the existing Farnborough Leisure Centre due to the significant cost implications to the extension of the leisure contract because of the COVID-19 pandemic. Following an interim use as a community testing venue, the building was demolished, and the site cleared ready for development of the new facility.
- 2.4 In January 2023 confirmation was received that the Council's application for £20million funding had been successful. Cabinet report REG2303 provided a detailed update on work undertaken to date on the project and secured

approval of funding to commence design development (£900,000) as well as enter into a MoU with DLUHC. The MoU has now been signed and the first draw down of funding will take place in November 2023.

- 2.5 The project set out in the bid includes co-located Leisure, Library and Cultural facilities. The Leisure offer includes a 6-court sports hall, 8-lane swimming pool, intermediate pool with moveable floor, large fitness suite, studios, soft play, health suite and TAGactive or similar. The Library and Cultural spaces include dedicated library area, digital lab, and a range of multi-purpose community rooms. It includes dedicated gallery and community gallery space as well as collaborative spaces for art projects. Spaces will wherever possible be flexible and multipurpose. The sports hall includes an area for tiered seating as well as acoustic separation to create performance space. A large café will also be located on the ground floor.
- 2.6 Alongside the Hub, the project will deliver a car park, skate park and play area as part of the public realm elements of the Masterplan.
- 2.7 Upon confirmation of LUF, the project team immediately engaged with colleagues at Hampshire County Council (HCC) to review the schedule of accommodation set out in the bid to understand current users and space utilisation in the library with a view to developing an area model that enables the delivery of the current offer (which is wider than just the traditional library functions) within an affordable area allocation. The agreed outcome is detailed in section 3.15 below.
- 2.8 During feasibility, a range of options were explored including providing new Council office accommodation as part of the scheme. This was originally discounted as other options were explored (including Briarcliff Parc acquisition and Meads Business Centre). Having reviewed alternative options, provision of office accommodation as part of the Leisure & Cultural Hub has been identified as a preferred option for development and has been included in options during RIBA Stage 2.
- 2.9 RIBA Stage 2 development has been progressing over the summer period based on the scope outlined above with the inclusion of Council office accommodation.
- 2.10 This report seeks to formally confirm the project scope and updates, indicative cost and next steps for delivery including commencement of Operator procurement.

3. Project Brief and Scope

- 3.1 The scope of this project includes the following delivery:
 - Leisure, Library, Cultural and Civic Hub – Plot B
 - Mobility Hub (350 spaces) – Plot A
 - Skate Park – Between Plot A and B
 - Large play area – public realm adjacent to Plot B

- 3.2 Detailed work has been undertaken to develop the brief for the project and the indicative Schedule of Accommodation (SoA) which has been used to inform options development in RIBA Stage 2. The Stage One Brief for the project is included at Appendix 4 and the latest SoA reflecting RIBA 2 design is included at Appendix 5.
- 3.3 A full design team has been appointed with GT3 as lead consultant to progress design up to the end of RIBA Stage 3 at which point it is proposed that they will novate to the main contractor.
- 3.4 In July 2023 work began to develop RIBA Stage 2 design. RIBA Stage 2 establishes the architectural concepts for the project and seeks to finalise the brief for the scheme prior to undertaking more detailed design development. Initial engagement with planning has taken place and an outline specification has been developed. An overview of Stage 2 design thinking is included in appendix 5.
- 3.5 Upon approval of RIBA Stage 2, the final brief and scope for the scheme will be fixed and detailed design will commence. This means that any changes after this are likely to have cost and programme implications. From this point a spatially coordinated design will be developed alongside a planning application which will be submitted at the end of Stage 3.
- 3.6 Detailed technical design will then commence at RIBA Stage 4, preparing all design information required to manufacture and construct the project. This information will be costed by the Contractor and a detailed set of Contractors Proposals (CPs) and costs will be submitted at the end of RIBA Stage 4. Following review and agreement of this information and a contract sum, the Council will then enter into a construction contract and the build will commence. Cabinet approval will be sought prior to commencing RIBA Stage 4 development.
- 3.7 A detailed partner and community engagement programme during design has been developed and is included at appendix 6.

Schedule of Accommodation

Leisure

- 3.8 In February 2019 the Council appointed GT3 Architects and Strategic Leisure Limited to look at options for the future provision of Farnborough Leisure Centre as part of its wider regeneration of the Farnborough Civic Quarter.
- 3.9 A detailed Headline Needs Analysis was carried out which provided a strategic assessment of the existing Farnborough Leisure Centre facilities and set out the consultation feedback from the public, existing operator, clubs and users. This was revisited in 2021 to understand changes in the leisure market following the pandemic and ongoing engagement with operators has been undertaken as the brief has been finalised.

- 3.10 In December 2019, Cabinet approved the proposed leisure facilities mix for a new Leisure Centre (OS1915). The mix was revisited in 2021, 2022 and again in recent months to understand any market changes that may have arisen following the pandemic, and to assess the viability of the scheme. This process has resulted in a revised facilities mix as detailed, below. Following feedback from leisure operators, the updated mix has reduced the 8-court sports hall to 6-courts, and removed squash courts, treatment rooms and poolside sauna and steam rooms. The commercial offer of the centre has also been reviewed and it is likely that a larger soft play will be provided and that a specific commercial offer may not be included. A new health suite has been introduced based on market feedback and income generation potential.
- 3.11 To inform the final facilities mix, a number of soft market testing exercises have been undertaken with potential leisure operators. Having last engaged in March 2022, further sessions with six major operators were undertaken last month. In addition to the leisure facilities offer, discussion topics included operational responsibilities, procurement process and timescales, risk allocation, net zero aspirations, financial arrangements and appetite to bid. Visits by the project team to a number of other centres similar to that proposed have also provided valuable intelligence. Industry specialists, *Strategic Leisure*, have provided financial modelling scenarios, including income generation assumptions, to inform the final mix.
- 3.12 A summary of the proposed facilities mix is provided, below:
- 25m x 8 lane pool
 - Spectator provision (limited poolside seating, bring in additional for events as needed)
 - 20m x 4 lane intermediate pool (with moveable floor)
 - Village change (including Changing Places facility and group changing rooms)
 - Fitness Suite (aiming for 150 to 170 stations)
 - 6 court Sports Hall
 - 2 x Studios (multi-purpose)
 - Spinning studio (dedicated use)
 - Café (100+ covers)
 - Soft Play
 - Retail & vending machine space
 - Health suite

Library

- 3.13 The delivery of the Civic Quarter Masterplan (<https://www.rushmoor.gov.uk/town-centres-and-regeneration/farnborough-civic-quarter/>) requires the relocation of the existing Hampshire County Council Library with a commitment to reprovision of the service elsewhere within the development redline. Discussions have been underway between the two councils for a number of years to enable the smooth transition of any services.

- 3.14 It is important for Members to understand that relocation to a new library facility will be based on the principle that the financial impact on the County Council should be neutral or better. This needs to recognise the current and future revenue cost of service provision, as well as the capital value of the freehold asset and providing the flexibility to deliver a range of services to residents and communities across Rushmoor, both now and into the future.
- 3.15 Services include the Core Tier 1 Library provision in the area as well as the range of additional community facing activity currently delivered from the library site including the School Library Service, Community Link, Day Care Services and Youth Offending Service amongst others. All of these will need to be suitably re-homed as part of any change, at no additional cost to the County Council.
- 3.16 Formal approval from the County Council will be based on a full and comprehensive business case, appropriate legal arrangements and will be subject to completion of statutory consultation which will be developed during the next phase of project delivery. The inputs for the business case will be completed during 2024 once the outcome of the operator procurement and costings of the detailed design are known.

Culture

- 3.17 The cultural brief was developed following analysis of the cultural strategy, identification of strengths and gaps within the cultural ecology and the opportunities to significantly enhance community engagement in arts and culture. There is currently very limited visual arts provision and limited community space both of which will be provided. The GIS gallery will enable borrowing art from national collections and will also allow development of an enhanced digital creative offer, which is a key strength in the local area.
- 3.18 The space will allow immersive digital experiences and digital art both in specialist spaces and throughout the building. The digital lab will offer space for collaboration, training, and access to kit and equipment, building on the baseline digital skills offer of the library. Work with local artists and Arts Council England identified the need for artistic collaboration and studio space. It will enable the bringing in of artists in residence to work with our artists and provide training and development and community-based art. This enables us to deliver a creative hub that can support the depth and range of the free-lance workforce and early-stage creative enterprises.
- 3.19 Meeting different needs and providing specialist provision to support creativity and artistic development at all levels, the offer will sit within the wider ecosystem in the Borough – fostering a culture of culture. We will develop a continuum of provision which builds on our strengths and addresses our weaknesses – delivering cultural engagement from entry level to specialist. The detailed SoA can be found in Appendix 5.
- 3.20 Whilst the capital cost of the cultural elements of the Hub will be predominantly met from the levelling up funding the revenue costs and income will need to be

forecast over the coming months and fed into the final decisions to proceed with the build.

Council Offices

- 3.21 During feasibility, a range of options were explored including providing new Council office accommodation as part of the scheme to enable the redevelopment of the Council's current location in line with the masterplan.
- 3.22 Current cost estimates indicate that the sale of the Council's current site will cover the additional costs of including the offices in the Hub building and should release a small surplus towards the scheme overall.
- 3.23 A range of other alternatives including the acquisition of existing office space in the town have been evaluated and the inclusion of the Council offices and some meeting space in the Hub is currently the most cost-effective solution. It also directly meets the key priority identified during public engagement around creating a community heart. By collocating with other partners and services there is an opportunity to deliver a community hub which offers a range of services and activities and is greater than the sum of its parts.
- 3.24 A summary of the work undertaken on alternative options is set out in exempt appendix 7.
- 3.25 As part of feasibility activity on the office move options, detailed work was undertaken to capture future space requirements given the changes to working patterns, meeting arrangements and office usage. Work is currently underway to understand the opportunities for sharing space in the new building given the other public sector and community uses associated with the Library.
- 3.26 The proposed area schedule reflects changes to ways of working which were accelerated during the pandemic. Since returning to work, monitoring has been undertaken to validate reduced space requirements and understand how officers and Members use the office. By collocating the Council office with the library and cultural spaces there are further opportunities for sharing spaces and reducing dedicated space requirements. The detailed SoA can be found in Appendix 5.
- 3.27 A total area of 1780 square metres has been included in the brief for Council office accommodation which will include an Executive meeting suite with three large meeting spaces (1 x 50 people 2 x 25 people) as well as workspace, collaboration spaces, smaller meeting rooms and break out spaces.
- 3.28 During the next stage of project delivery, the office move project workstream will be remobilised to work through detail of how the space will be configured, spatial planning and layouts in conjunction with design development.

Mobility Hub

- 3.29 The Civic Quarter masterplan includes the provision of two mobility hubs, one of which will be delivered as part of this scheme to provide parking for this project as well as future residential uses as the Civic Quarter is developed.
- 3.30 The mobility hub will be developed on Plot A and will deliver 350 spaces. Work is underway to finalise the scope for the hub and initial proof of concept work is included at Appendix 8.

Skate Park and Play Area

- 3.31 The scheme will include a destination play area at the front of the new Leisure & Cultural hub adjacent to the café and outside dining space. The play area will be funded using S106 contributions.
- 3.32 A new skate park will be provided between the proposed mobility hub and Leisure and Cultural Hub.

4. Partner and Stakeholder Engagement

- 4.1 The scheme will accommodate a range of end users and partners including Hampshire County Council, Hampshire Cultural Trust, Citizens Advice Bureau and Rushmoor Voluntary Services.
- 4.2 Work has been undertaken with HCC officers to agree the schedule of accommodation and ensure that it is fit for purpose in maintaining current service delivery while offering flexibility for library service delivery in the future.
- 4.3 Work is also underway to develop the cultural offer for Farnborough town centre with a programme of activities which will commence in spring 2024. This has been developed in conjunction with the Cultural Compact and key cultural stakeholders with a view to ensuring that there is a vibrant cultural offer in the town prior to completion of the new facility.
- 4.4 It will be necessary to appoint a third party to develop and run the cultural offer on behalf of the Council and the process for doing this will be developed in conjunction with the Cultural Compact.
- 4.5 As part of wider delivery of the Civic Quarter, work is also underway to develop a programme of community engagement and activity which will be funded as part of the UK Shared Prosperity Fund (UKSPF) delivery programme. This will ensure we have community input and engagement as we move to implementation of the regeneration programme.

Sustainability in construction and operation

- 4.6 In June 2019 the Council declared a climate emergency with motion unanimously passed by Council. This included the target for the Council to be

carbon neutral by 2030. In July 2023, the Cabinet agreed an Action Plan which provided targeted actions to reduce the Council's carbon footprint (ACE2306).

- 4.7 One of the agreed actions is "to review processes for the Council's capital programme so that environmental impacts are incorporated into business case development and whole life cycle carbon assessments are undertaken". The Leisure and Cultural Hub once developed will be part of the Council's operational carbon footprint and therefore there is a need to ensure that the building is designed with the Council's climate change objectives in mind.
- 4.8 Developing a sustainable building is a key element of the project brief and work has been undertaken to develop the approach to sustainability using a sustainability framework. As part of this, key building strategies have been adopted to minimise whole life carbon and apply PassivHaus principles. This will require up front capital investment in the fabric of the building but will improve operational performance.
- 4.9 The current cost plan includes an allowance of 15-17 % capital uplift for delivery of the proposed sustainability strategy. This is significant and will affect affordability. Work has been undertaken to understand the Return-on - Investment which has demonstrated payback between 7.32 and 8.4 years depending which option is selected and operational cost savings of between £656,000p/a and £1,115,000p/a. This information is currently being evaluated and delegated authority is sought for the Portfolio Holder and Executive Leadership Team to agree the approach to sustainability and design. The detailed report can be found at Appendix 9.
- 4.10 Should a full PassivHaus route be adopted, design fees will increase, and additional design work will be required which will increase RIBA 3 and 4 design duration. This has been factored into the Order of Cost Estimate budget and the team have confirmed that programme increases will still allow for a planning application in March 2024 and will not impact handover in March 2027.

5. Operator Procurement

- 5.1 The Council is seeking a partner who shares its vision for the new Leisure and Cultural Hub and will operate flexibly with the key users to optimise participative opportunities and benefits for the local community. The new Leisure and Cultural Hub should play a significant role in reducing health inequalities, (physical and mental), increasing levels of physical activity and providing a wide range of cultural activities in a vibrant setting.
- 5.2 The partnership and operational management contract will operate on an open book basis. The contract is based on the Sport England standard format, but has been updated to reflect relevant changes since the pandemic relating to change in law, risk and utility benchmarking.
- 5.3 In relation to risk, the Council is seeking a hybrid approach to maintenance with the operator taking full lifecycle responsibility on the new facility, but the Council retaining responsibility for infrastructure repair and maintenance at the

Aldershot Pools and Lido. Soft Market testing has advised that Operators would be very reluctant to bid on the basis of accepting the lifecycle costs associated with the Aldershot facility.

- 5.4 The draft Conditions of Contract are included at Appendix 3 for reference.
- 5.5 The Contract Specification is also adapted from the standard Sport England toolkit and made bespoke for Rushmoor. The full draft Specification is attached at Appendix 2, for reference, the key elements of the Specification are as follows:
- Produce a balanced programme of activities to maximise participation, engagement, physical activity and reduce health inequalities in the borough.
 - Liaise with other building users to maximise the benefits of co-located facilities.
 - Set an appropriate pricing system to deliver the core outcomes of the contract whilst maintaining commercial viability, including a concessionary pricing structure.
 - Employment of a Health and Wellbeing Officer to establish links with local health and care services and providers to provide pathways into physical exercise and wellbeing activities, particularly for residents with poorer health outcomes.
 - Outreach into the borough to promote healthier lifestyles among residents and communities that are harder to reach, those who are less likely to access traditional facilities and those who are more likely to experience longer term health inequalities.

Procurement process

- 5.6 It is the Council's current view that the contractual arrangements are classified as a service concession contract under the Public Concessions Regulations (2016) and furthermore fall under the scope of the Light Touch Regime services listed under Schedule 3 of the regulations. This allows the Council to determine with a little more flexibility, the specifics of the procurement process that is undertaken.
- 5.7 In the interests of transparency, fairness, equality of opportunity, best value and future development flexibility, the Council will undertake a fully advertised procurement process which encompasses aspects of the Competitive Dialogue and Competitive Procedure with Negotiation processes as set out within the Public Contracts Regulations (2015).
- 5.8 The first stage of the procurement process will invite suppliers to submit selection questionnaire applications. Selection questionnaire responses will be assessed on a pass / fail basis and will cover legal standing, financial standing, insurance, H&S and relevant experience. This process will ensure that only operators with sufficient experience and scale will be taken forward to the next stage.

5.9 The successful operators will then be invited to submit detailed tenders which will be assessed on a 60/40 basis in favour of quality. During this stage, tenderers will have the option to partake in structured dialogue meetings. The dialogue meetings will allow bidders to test concepts with the Council and refine solutions to fit the Council's requirements more specifically. It also allows for better management of any uncertainty surrounding the process and the complexity of the multi-service building lends itself to a dialogue process. Likely topics for dialogue are as follows:

- Management of energy in the design and operation of the new facility.
- Working with other building users to enhance customer experience.
- Sharing of risk and incentivisation.
- Commercial services offered via the contract.

5.10 As the procurement progresses, the Council are likely to need to amend and update the procurement documents and delegation is sought for the Executive Head of Operations to make such changes in consultation with the Operational Services Portfolio Holder.

5.11 Following evaluation of the detailed tenders, the Council will have the option to issue an award decision notice and instigate a standstill period, if it is satisfied that a preferred bidder can be selected on a compliant best value basis. If the Council consider that a better outcome can be reached, it may instead enter a final period of negotiation and invite best & final tenders from either all tenderers or only the highest scoring tenderers.

5.12 Consideration will be given to the composition of the evaluation team, which will include specialist expertise in the key areas associated with service delivery.

An indicative programme for the procurement process outlined above is set out below:

Selection Questionnaire	16 October 2023
SQ return	6 November 2023
SQ evaluation complete	17 November 2023
SQ results notified to tenderers	24 November 2023
Tender issue date	27 November 2023
Dialogue meetings	w/c 8 December 2023
Tender return deadline	16 February 2024
Evaluation and moderation	w/c 5 February 2024
Negotiated BAFO stage	18th March 2024
BAFO Returns	29 March - 5 April 2024
Evaluation complete	Late April 2024
Council Governance and decision making	May - June 2024
Standstill	June 2024
Award Date	June 2024
Services Commencement Date	September 2024

- 5.13 The timetable for the operator procurement runs beyond the existing contract with Places Leisure for the operation of the Aldershot facility which end on 31 March 2024. To facilitate the operator procurement, as outlined above, Cabinet are recommended to approve an extension to the existing agreement with Places Leisure on the same terms for up to 12 months.

6. Timescale and Programme

- 6.1 Based on the current programme. Key project delivery milestones are outlined below. There may be some changes to these depending on the final agreed position regarding PassivHaus.
- RIBA Stage 2 October 2023
 - RIBA Stage 3 February 2024
 - Cabinet approval to appoint contractor (PCSA) February 2024
 - Planning submission March 2024
 - Planning approval July 2024
 - RIBA Stage 4 October 2024
 - Contractors Proposals November 2024
 - Contract Award February 2025
 - Construction 24 months (Handover March 2027)
- 6.2 As detailed in section 4.10 should a full PassivHaus scheme be identified as the preferred strategy additional design activity will be required which will impact the duration of RIBA Stage 3 and 4. It is not anticipated that this will affect key milestones such as planning submission and building handover as there is an opportunity to submit planning without full RIBA 3 design and to complete RIBA 4 in tandem with pricing activity.
- 6.3 This report seeks approval to progress design to the end of RIBA Stage 3 and submit a Reserved Matters Planning Application.
- 6.4 A further Cabinet report is scheduled in February 2024 which will include seeking formal approval to appoint Wilmott Dixon under a Pre-Construction Services Agreement (PCSA) to progress design to the end of RIBA Stage 4. Upon appointment the design team will novate to Wilmott Dixon. Approval to procure Wilmott Dixon using the Procurement Hub was given by Cabinet in (RP2102) and re-validated in March 23 (REG2303).
- 6.5 At the end of RIBA 3 we will have a more accurate view of construction costs and the outcome of the operator procurement. In late May/early June 2024 this will be the subject of a report including the project affordability and financing strategy for the construction and ongoing running of the building and services.
- 6.6 At the end of RIBA Stage 4 a detailed suite of Contractors Proposals will be submitted for review by the technical team. This information will form the basis of the build contract and final contract sum. Once outstanding matters have been resolved, a Final Business Case will be prepared for approval by Cabinet

and Council to secure agreement to enter the build contract. It is anticipated that this will take place in early 2025.

6.7 The scheme will take 24 months to build, and it is anticipated that handover will take place in early 2027.

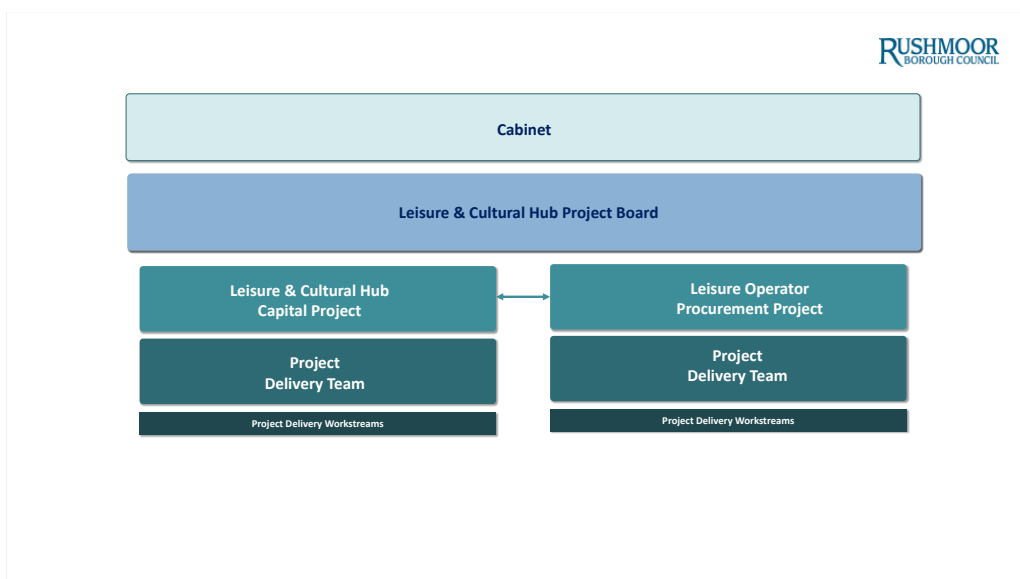
6.8 Remaining ground clearance work will be undertaken prior to the build contract award.

7. Governance and Project Delivery

7.1 As detailed in RP2103 a Project Board has been established to ensure that the project is focused and achieves the objectives set out in the project proposal and achieves the expected benefits.

7.2 The Board will provide a steer as required on various project-related issues that may arise throughout the lifecycle of the project as well as review the progress of the project and receive updates on progress against programme, budget, and risk.

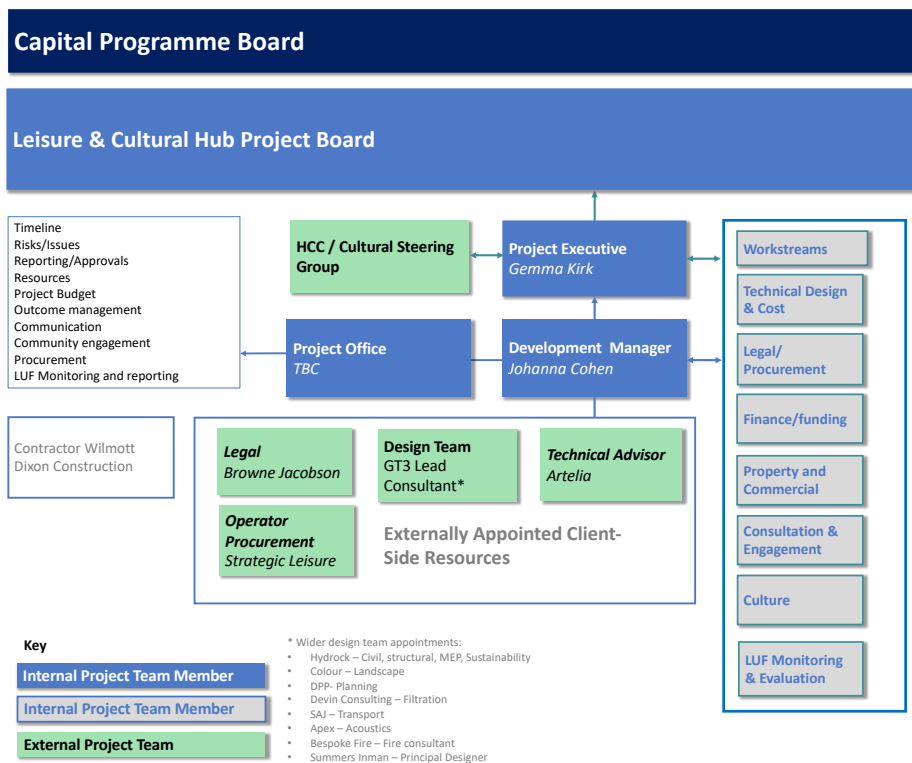
7.3 The Board will report and escalate any decisions outside existing decisions or officer delegations and will make recommendations to the Cabinet where necessary.



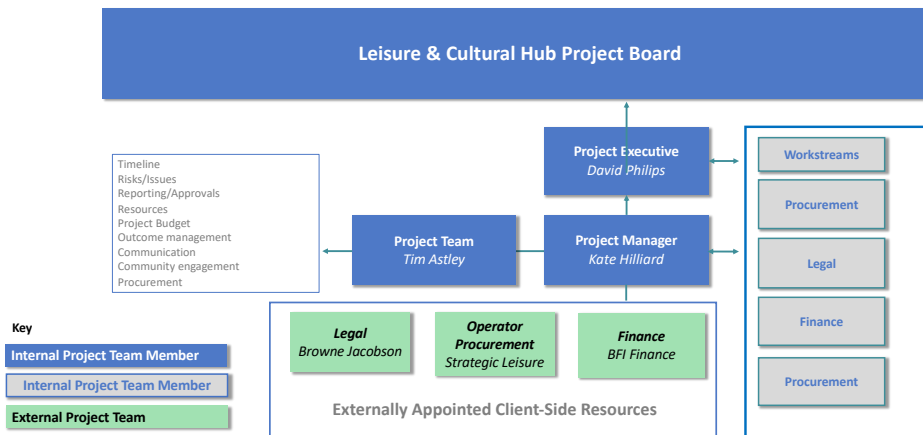
7.4 The Project Team will make operational day to day delivery decisions within the agreed delegations following Cabinet/Council decisions in line with the Councils scheme of delegation as outlined in the constitution and Council procedure rules and project budget and contingency allocation, overseen by the Project Sponsor.

7.5 A Project delivery team have been appointed including external advisory support where required. It is likely that additional legal resource will be required to support Operator Procurement and Contract negotiation.

Leisure & Cultural Hub Capital Project Delivery Structure



Operator Procurement Project Delivery Structure



Dependencies

7.6 There are a range of dependencies that are being managed as part of project delivery including:

- Civic Quarter utilities Infrastructure – 1st scheme / opportunities / phasing / Discharge of planning conditions / S106
- Operator Procurement

- Land assembly

7.7 Matters relating to land assembly are set out in Appendix 1.

8. Funding Strategy and Financing

8.1 The latest estimated project cost for delivery of the Leisure & Cultural Hub including PassivHaus accreditation is £57.614m. £20m will be funded through the Levelling Up allocation. The full project will include delivery of the Mobility Hub, Skate Park and Play Area. The full project cost (assuming a maximum uplift for sustainability) is estimated £68.265m, broken down as below.

Leisure, Cultural and Council Offices	Mobility Hub	Skate Park	Play Area	Total
£57,649,000	£9,690,000	£375,000	£550,000	£68,265,000

8.2 Based on the current outline delivery programme, funding from the Council will be required during financial year 25/26 and 26/27 as Levelling Up grant will be used to fund the first phases of project delivery. It is also possible that further grants will become available which will also be used as early as possible.

8.3 £1.24m has been included in the 23/24 capital programme. Spend to the end of RIBA Stage 3 is forecast at £1,050,411. This will be funded using Levelling Up funding. It should be noted that should the scheme not progress, the Council will be required to cover these costs from within revenue resources / reserves. The Council has also utilised a Capacity and Capability grant payment of £50,000 from DLUHC and £300,000 One Public Estate Programme (OPE) funding to support project development up to RIBA Stage 2.

8.4 Work is now underway to develop the options for the long-term financing of this asset. The Council's current approach to financing the Council's capital projects was set out in the Budget Strategy report considered by Cabinet in November and the subsequent Capital Strategy approved by Cabinet in February 2023 as follows:

“The most credible and sustainable way of bringing forward a new capital investment is both to consider the most appropriate way of funding and to carefully think through sequencing of investment, as such the business case is based on the following capital principles:

- *All new capital investment priorities should be funded from either capital receipts or external sources (grants).*
- *The financing of new capital investment should focus on ensuring borrowing is limited to the lowest possible value.*

- *Schemes should be sequenced credibly and added each year through only the Budget Setting report – single decision point for investment.*
- *The approach to new capital investment will be based around the following process to ensure that all new investment is prudent, affordable, and sustainable:*
- *Create a hierarchy of new capital investment priorities (officers and Members)*
- *Develop a pipeline of asset disposals ringfenced to fund the new capital investment – timing and value need to be accurate.*
- *Complete a global view of cashflows and funding need of the hierarchy.*
- *Determine any resultant borrowing need and test affordability vs. MTFS budget gap”.*

8.5 The programme of land and asset disposals to support the capital funding needed forms part of the Council’s regeneration programme and the funding of the Hub and parking is linked to the development of the remainder of the Civic Quarter. Whilst the new MTFS is currently being prepared, given the pressures linked to inflation and interest rates it is unlikely that the ‘capital first approach’ will change and any new borrowing by the Council will need to be minimised and disposals timed to reduce the need for cashflow wherever possible. All related/resultant borrowing costs will be capitalised as part of the project cost and included in the final financing and affordability decisions, currently scheduled for June 2024.

8.6 The revenue costs of running the services currently anticipated to operate from the Hub are also being understood. The operator procurement is the most significant aspect here and is expected to have a positive impact. The cost implications of the move of the Council offices, forecasts of income from tenant rent and the costs of the new ‘cultural offer’ need to be estimated during the next stage of the project. This is anticipated to come forward as part of the budget process for 24/25 but will only impact at the end of the MTFS period.

8.7 As set out in paragraph 6.5 at the end of RIBA 3 we will have a more accurate view of construction costs and the outcome of the operator procurement and in late May/June a cabinet report setting out project affordability, linked to the revised MTFS, and financing strategy for the construction and ongoing running of the building and services will come forward.

Alternative Options

8.8 There is an option not to deliver a new facility and use the land for other purposes. This is not in line with Masterplan or Council priorities. Alternative uses for the site have not been assessed but could include use as public open space or other commercial or housing uses. All of these alternative ‘exit strategies’ would have associated costs and budget implications which would need to be assessed in line with the MTFS. Reinstatement costs for the land would need to be absorbed in the revenue budget if there was no capital project proceeding.

- 8.9 Not providing a new facility would have a significant impact on the leisure procurement and reduce the attractiveness of the current offer to the market.

Consultation

- 8.10 As outlined in Cabinet report REG2303 detailed public consultation and engagement has been undertaken to determine the proposed facilities mix as well as community aspirations for the town centre. A detailed piece of young person consultation was also undertaken to support the Levelling Up bid and is included.
- 8.11 Members have been fully involved in formal and informal consultation activity including a range of workshops and other activities to inform the feasibility study and brief development.
- 8.12 In March 2023 a two-day workshop was undertaken with key partners to review and develop the design brief. Following this we ran a follow-up session with Hampshire Cultural Trust.
- 8.13 As part of the cultural brief development, a workshop took place on 24th May with representatives from the Cultural Compact as well as local artists/creatives. The session was well attended and follow up activity will take place to capture input from sectors that were not well represented such as digital media.
- 8.14 A number of Soft Market Testing sessions have been undertaken with leisure operators. Initial meetings were conducted in March 2022, with further discussions with six leading operators taking place last month. Engagement with managers of similar leisure schemes as that proposed has also been undertaken through a number of site visits.

9. IMPLICATIONS

Risk management

- 9.1 The Council will be accepting a number of risks in proceeding with delivery of this project. These include the usual risks associated with the development and delivery of a capital project of this scale and the associated stakeholder management. While the Council have secured £20,000,000 funding towards the scheme, the Council will be accepting the risk of identifying the remaining funding for the project and the wider scheme as well as the wider revenue implications of delivering the cultural offer.
- 9.2 A detailed project and technical risk register have been developed for the project and is included at Exempt Appendix 11. This is a live document which has been developed during feasibility with input from the Project Team, Technical Advisor and Wilmott Dixon Construction. This will continue to be managed and updated throughout project delivery with risks being closed out as the scheme progresses.

- 9.3 Procurement risks have been mitigated with public procurement compliant frameworks with core project, contractor, and design team appointments already in place.
- 9.4 Top five risks are reviewed at fortnightly project team meetings as well as Programme Board with any significant changes to risk or new risks arising being escalated between meetings if necessary.
- 9.5 Alongside the Risk Register, the Council have an established change management procedure in place. This will document any changes requested during the design phases of the project, assess the cost impact of this and assess the impact to the programme. Any change requests will need formal sign off through a change control form by the Client before any of these can be implemented.
- 9.6 The highest scoring wider project risks include:
- Insufficient funding available to proceed with the project results in decision not to progress or change of scope and abortive costs.
 - Grant funding dependent of project delivery and any costs incurred will need to be covered by the Council if the scheme does not go forward.
 - Lack of resource and capacity across the Council to support delivery of the project.
 - Wider Civic Quarter delivery alignment and dependencies unresolved delaying the scheme.
 - Significant ground contamination or other issues.
 - Supply chain, labour and materials shortages resulting in price and programme uncertainty.

Legal Implications

- 9.7 External legal assistance and budget will be required on various aspects of the project, including property, planning and contractual matters. Work will include (but is not limited to) reviewing of consultancy appointments, carrying out necessary due diligence and drafting contractual agreements.

Equalities Impact Implications

- 9.8 The project addresses significant Health and Cultural inequalities as set out in the case for change. An Equality Impact Assessment will be produced during the next phase of the project and updated it as the project progresses.

10. CONCLUSIONS

- 10.1 This project is a significant priority for the Council, and it is important that all reasonable actions are taken to ensure the project can be delivered in line with the levelling up timelines. The focus of the project over the next year is to

undertake design work at pace and to develop options for funding based on the delivery of the Civic Quarter Masterplan.

BACKGROUND DOCUMENTS:

Confidential Appendix 1 Land Assembly
Appendix 2 Operator Procurement Contract Specification
Appendix 3 Operator Procurement Contract Conditions
Appendix 4 Stage 0/1 design brief
Appendix 5 RIBA 2 Design Overview and SoA
Appendix 6 Partner and Community Outline Engagement Schedule
Confidential Appendix 7 Office Move Options Overview
Appendix 8 Mobility Hub Proof of Concept
Appendix 9 Sustainability and Rol report
Appendix 10 (Exempt) Order of Cost estimate
Appendix 11 (Exempt) Project Risk Register

Report No. OS2101
Report No. RP2013
Report No. REG2303
Report No. REG2306

AUTHORS AND CONTACT DETAILS:

Karen Edwards – Executive Director
karen.edwards@rushmoor.gov.uk

Gemma Kirk – Project Director
Gemma.kirk@rushmoor.gov.uk

Jo Cohen – Project Manager
Johanna.cohen@rushmoor.gov.uk