

**CABINET**

**COUNCILLOR SOPHIE PORTER  
HEALTHY COMMUNITIES & ACTIVE LIVES  
PORTFOLIO HOLDER**

**08 JULY 2025**

**KEY DECISION? YES**

**REPORT NO. REG2503**

## **FARNBOROUGH LEISURE CENTRE – UPDATE & NEXT STEPS**

### **SUMMARY AND RECOMMENDATIONS:**

On the 11<sup>th</sup> February 2025 Cabinet approved report REG2501 to progress with the revised approach for the delivery of a Leisure Centre in Farnborough town centre, utilising the remaining Levelling Up funding. Approval was given to progress design works to the end of RIBA Stage 3 and planning submission, as well as commencement of the Leisure Operator procurement.

This report provides an up-date on progress with the project and operator procurement. It then sets out next steps in delivering the project within the parameters of the Levelling up Fund timescales.

It is recommended that Cabinet:

- 1) Notes the progress with the design of the leisure centre and changes made as a result of the preliminary market engagement sessions with operators.
- 2) Notes the conclusion of RIBA stage 2 on schedule, the commencement of RIBA stage 3 and the timetable for the project to the conclusion of RIBA stage 4.
- 3) Agrees to extend the current Access Agreement for RIBA stage 4, on the conclusion of RIBA stage 3, subject to the forecast operator income being in line with expectations. Costs for RIBA stage 4 of up to £660K to be funded by the Levelling up Fund.
- 4) Notes the arrangements for the pre planning consultation.
- 5) Notes the revised operator procurement programme.
- 6) Agrees to special meetings of Cabinet and Council as required to enable the concurrent entering into of both the build and operator contracts.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. In January 2025 the Ministry of Housing, Communities & Local Government (MHCLG) confirmed that the Council could continue to progress the revised scheme to the conclusion of RIBA Stage 3, utilising the residual £18.5m Levelling Up grant.
- 1.2. In February 2025, Cabinet (REG2501) approved the revised approach for the delivery of a Leisure Centre in Farnborough town centre along with the

procurement approach to appoint an operator to run the new and existing leisure facilities within the borough.

- 1.3. The project will deliver 2 swimming pools (a 25m 6-lane main pool, 10m x 8m learner pool), 100+ station fitness suite including specialist power-assisted equipment for people who are less mobile or active, studio space including a dedicated spin studio, a café and active play for children. The revised scope also incorporates the provision of a new surface car park.
- 1.4. The revised approach set out an alternative site to the immediate south of the existing town centre high street on Queensmead car park, directly adjacent to existing public transport nodes which will help to improve access for the local community.
- 1.5. The purpose of this report is to provide Cabinet with an up-date on the project progress, the operator procurement, and next steps to deliver the project.

## **2. Project Progress**

### **Design Update**

- 2.1. As set out in the February cabinet report, the Council have entered into an Access Agreement with Alliance Leisure Services Limited (Alliance), via the UK Leisure Framework, for the provision of project management, design and professional services required for the completion of RIBA stages 2 & 3.
- 2.2. Alliance have now appointed their full design team to progress design to the end of RIBA Stage 3. The output from this stage is detailed design and all documentation required to support a planning application.
- 2.3. RIBA stage 2 (concept design) is now complete, and the stage 2 report can be found at Exempt Appendix A to this report. The report outlines design progress to date, setting out the site constraints and opportunities to inform the building design that is being developed in RIBA stage 3.
- 2.4. Following feedback from operators as set out in section 5 of this report, there were two main areas for consideration for change within the proposed facilities mix set out in February. These related to studio size and provision of a separate area for specialist power-assisted equipment for people who are less mobile or active (Innerva). Having taken that feedback into account it is now proposed that there is one large studio and specialist equipment is incorporated within the fitness suite.
- 2.5. As set out above, the scope of the project includes the provision of a surface car park. Following the preliminary market engagement sessions with operators (see section 5), all operators indicated that they would welcome additional spaces over and above those that can be provided via a surface carpark. Given the proximity of other parking available in the town and other proposed developments, a parking study is underway to identify the parking requirements within the town.

- 2.6. Alongside this, the project team are currently exploring whether there is a business case for additional decks on the new car park. The business case will look at potential additional income and the benefits of providing “off site” parking for developments on the other Civic Quarter plots.
- 2.7. As part of the wider project delivery, an option to construct a new skate park adjacent to the new leisure centre it is being considered. This will be undertaken in consultation with skate park users. Options for funding this provision are being explored.
- 2.8. In accordance with the overall project programme, RIBA stage 3 design development is now underway. The conclusion of this stage will lead to the submission of the planning application.

### **Planning Approach**

- 2.9. As part of the pre-planning work a formal pre-application has been submitted to both the local authority and Hampshire Highways. Discussion are already underway and these discussions will be concluded towards the end of July/early August.
- 2.10. A pre-planning public consultation is taking place between the 30<sup>th</sup> June and 25<sup>th</sup> July with three public events being held throughout this period. There will also be a microsite available throughout this period to allow feedback into the proposals via an online survey.
- 2.11. Targeted stakeholder engagement will also be carried out within this period including sports clubs, schools, accessibility groups and skate park users.

## **3. PROGRAMME & GOVERNANCE ARRANGEMENTS**

- 3.1. A detailed current programme can be found at Appendix B, however the key milestones for the project are set out below:

<b>Project Stage</b>	<b>Milestone</b>
Design development to RIBA stage 3	August 2025
Commence RIBA stage 4 (subject to operator income assumptions)	August 2025
Planning submission	September 2025
Planning approval and end RIBA Stage 4 Design & Cost	January 2026
Cabinet approval to enter into contract for the build	January 2026
Award of construction contract	February 2026
Start on Site	Spring 2026

Facility Open	Autumn 2027
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- 3.2. Project governance arrangements are in place to ensure project oversight by senior management and members, including fortnightly portfolio holder briefings.
- 3.3. The Executive Leadership Team (ELT) 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 regular updates on progress against programme, budget, and risk through consideration of project highlight reports.
- 3.4. The Project Team will make operational day-to-day delivery decisions within the agreed delegations following Cabinet/Council decisions, in line with the Council's Scheme of Delegation as outlined in the Constitution and Council procedure rules, overseen by the Project Sponsor, currently the Executive Director.

#### **4. PROJECT BUDGET AND FUNDING STRATEGY**

- 4.1. As set out in the previous report (REG2501), in dialogue with Alliance, the Council has established a target project budget of £23.5m based on similar projects across the country to deliver the proposed facilities mix and new parking provision on the Pinehurst site (£22.5m towards the Leisure Centre build and £1m towards the car parking provision).
- 4.2. Approval was received from MHCLG to progress the revised scheme with a funding extension to March 2028, utilising the remaining £18.5 grant. Alliance have advised that the costs associated with RIBA stage 4 are £605,600. There are additional fees in relation to external legal advice that are projected at circa £50,000 for this stage. The overall project recommendation for stage 4 is therefore £660,000.
- 4.3. At this stage, there is no requirement for the Council to commit any capital contribution towards the delivery of the project beyond the existing grant funding available. The Council has also received a Local Growth Capacity Support Payment of £40k. As set out in the previous report (REG2501) this can be used towards other project related costs that cannot be drawn down from the Levelling up Fund.
- 4.4. Initial operator income forecasts indicate that the Council would be in a position to repay the estimated £5m borrowing required for the scheme. In order to achieve cost certainty, further financial due diligence will be undertaken in tandem with the operator procurement process. This will be concluded prior to entering into a Development Management agreement (DMA) to deliver the project at the agreed contract sum at the end of RIBA 4 and entering into the DMA will be subject to a final detailed Business Case and the necessary Member approvals.
- 4.5. It is proposed that special Cabinet and Council meetings, as required, be held early in 2026 in accordance with the delivery programme, to seek the necessary

approvals to enter into both the DMA and operator contracts concurrently, providing all parties with the maximum assurance.

## 5. LEISURE OPERATOR PROCUREMENT

- 5.1. The Council is seeking a partner who shares its vision for the proposed new Farnborough Leisure Centre and will operate to optimise participative opportunities and benefits for the local community. The new facility will play a significant role in reducing health inequalities, physical and mental, and increasing levels of physical activity, which are key priorities identified in the Council Delivery Plan 2025-26.

### Procurement process

- 5.2. The Procurement Act 23 introduced the new 'Competitive Flexible Procedure' which enables contracting authorities to design project specific procurement processes to align with project objectives and market norms. The Council are undertaking a procurement process using this competitive flexible procedure.
- 5.3. On 11<sup>th</sup> February 2025, Cabinet agreed the overall operator procurement and appointment approach, and commencement of the process. Decisions to amend the procurement documentation as required throughout the process was delegated to the Executive Head of Operations in consultation with the Portfolio Holder for Healthy Communities & Active Lives, and financial implications in consultation with the Executive Head of Finance (S151).
- 5.4. The operator procurement process started in March 2025 with Preliminary Market Engagement. Following an advert inviting interest from the leisure market, a one-hour MS Teams briefing, with subsequent individual one-to-one meetings took place, providing a chance for operators to ask questions and provide informal feedback on a number of issues, outlined shown below.

<b>DESIGN &amp; FACILITIES MIX</b> <ul style="list-style-type: none"><li>• Proposed design of the new leisure centre - <i>layout, etc</i></li><li>• Proposed facilities mix</li><li>• Café Operation</li><li>• Parking Provision</li><li>• Experience in reducing carbon emissions?</li></ul>	<b>FINANCIALS</b> <ul style="list-style-type: none"><li>• Projected Demand</li><li>• Risk allocation - <i>Covid re-occurrence, Utilities</i></li><li>• Financing Options - <i>likely payment from operator?</i></li><li>• Cost pressures - <i>NI, Living Wage, etc?</i></li></ul>
<b>PROCUREMENT &amp; LEGAL</b> <ul style="list-style-type: none"><li>• Legal &amp; commercial structure</li><li>• Contract form &amp; duration</li><li>• Procurement process &amp; programme</li><li>• Timescales – <i>reasonable? Mobilisation timescales?</i></li><li>• Social Value</li></ul>	<b>MISCELLANEOUS</b> <ul style="list-style-type: none"><li>• Potential development of Aldershot Facility?</li><li>• Key lessons learnt from other recent projects?</li><li>• Appetite to bid and priority level?</li></ul>

Summary of topics discussed with operators at PME sessions

- 5.5. Operator feedback on the proposed facilities mix was generally positive. As described above a number of suggestions - including provision of a single large studio, (rather than two small ones), incorporating any power assisted well-being equipment within the main fitness suite, and changing the soft-play layout – were

subsequently adopted in updated designs. Views on other issues, including car parking, contract term, profiling and the agency model also proved useful and will be taken forward during the next stage of design. The importance of a significant management fee payable to the Council as an outcome of the procurement was also made clear.

- 5.6. An Invitation to tender (ITT) was issued via the Proactis procurement portal on 24 June 2025. A site visit, accompanied by a MS Teams briefing, for all interested parties will be followed by one-to-one clarification meetings later this month. The deadline for first stage tender returns is 28 August.
- 5.7. An updated programme for the procurement process outlined above is set out below:

Summary Activity	Timescales
Issue Tender Notice & Key Procurement Documents	24 June 2025
Bidders Day - Briefing to all and Aldershot site visit	7/8 July 2025
1 to 1 Clarification meetings (TEAMS)	14 July – 1 Aug 2025
Clarification deadline	8 August
1 <sup>st</sup> Stage Tender Return Deadline	Thursday 28 August 2025
Tender Evaluation Complete	1 - 19 Sep 2025 (3 weeks)
Moderation	22 - 26 Sept 2025 (1 week)
Down selection / single tender negotiation (if required)	29 Sept 2025 (+ 1 week voluntary standstill)
Undertake negotiation meetings	6 - 17 Oct 2025 (2 weeks)
Agree best & final offers parameters	20 Oct – 7 Nov 2025 (3 weeks)
Best & Final Offer Deadline	10 Nov – 5 Dec 2025 (4 weeks)
Tender Evaluation Complete	8 - 19 Dec 2025 (2 weeks)
Cabinet	Jan 2026 (TBC)
Issue Assessment Summary & Contract Award Notice	Feb 2026
Standstill Period	Feb 2026

- 5.8. Operators may bid on two separate lots for a contract to manage the leisure facilities. Lot 1 is based on a standard leisure operating model, with the operator acting as 'principal' and the Council as client. Lot 2 is based on an 'agency model', with the operator acting as an agent on behalf of the Council (principal). Bidders can submit proposals for either, or both, lots.
- 5.9. As agreed with our procurement advisers the tender award will have a 60% quality and 40% price weighting.
- 5.10. Following evaluation of the detailed tenders, the Council will have the option to instigate an award to the preferred bidder or may enter a final period of negotiation and invite best and final offers from the highest scoring bidder/s if it feels a better outcome may be reached.

- 5.11. As set out above the Council is currently expecting to award the contract to the successful operator by February 2026. The 'Interim Phase' of the Contract is then planned to commence shortly after, (date TBC), at which point the operator will be required to commence delivery of services at the existing Aldershot facilities.
- 5.12. The Council's target date for opening of the new Farnborough facility is Autumn 2027, at which point the contract will enter its 'Main Phase'. The duration of the Interim Phase is dependent upon when the new facility is ready to be opened, but is likely to run for around 18 to 24 months. The 'Main Phase' of the contract will run for an initial 15 year period with an option to extend by a further 5 years on top of this.
- 5.13. The existing contract with Places Leisure for the operation of the Aldershot facility ends on 31 March 2027. A break-clause is included in the agreement.

## **6. Alternative Options**

- 6.1. There is an option not to deliver a new facility and use the land for other purposes. This is not in line with Council priorities.
- 6.2. 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**

- 6.3. As set out in sections 2.9 to 2.11 of this report, a public consultation will take place between the 30<sup>th</sup> June and 25<sup>th</sup> July with three face- to-face public events being held throughout this period. There will also be a microsite throughout this period to allow feedback into the proposals via an online survey.
- 6.4. Targeted stakeholder engagement will also be carried out within this period with sports clubs, schools, accessibility groups and skate park users.

## **7. IMPLICATIONS**

### **Risks**

- 7.1. As set out in the previous report (REG2501), the Council will be accepting a number of risks in opting to proceed with delivery of this project. These include the usual risks associated with the development and delivery of a capital project of this scale such as site ground conditions, contractor solvency, cost overruns, inflationary increases and associated stakeholder management. As identified in Section 4, while the Council has the residual £18.5m grant funding to employ against the scheme, if it is to proceed beyond RIBA stage 4, it will be accepting the financial risks associated with the funding strategy and the risks fully identified, evaluated and scenario tested in the business case.
- 7.2. There is mitigation in place to manage the financial risks through a gateway process. This Cabinet report does not commit the Council to the construction phase. A further report to Cabinet will need to demonstrate that the Business

Case is financially sound as a pre-cursor to formally entering into a build contract. Any expenditure up to that point is utilising the Levelling Up fund with the agreement of MHCLG. The Council is not obligated by the Framework Agreement to proceed through to build stage.

- 7.3. There is a risk that financial feasibility is not achieved through the operator procurement process, impacting the ability to pay back any borrowing required to deliver the scheme. Possible mitigations are being explored should this risk be realised and in the event that forecast operator income is insufficient, a further report will be made to Cabinet setting out the options available.
- 7.4. A risk register is maintained for the project with the top 10 risks reported to MHCLG as part of the quarterly monitoring return requirement associated with the Levelling Up process. These include risks associated with site, costs and planning. This will continue to be managed and updated throughout project delivery with risks being closed out as the scheme progresses. For reference, the MHCLG risks are attached at Exempt Appendix C. In addition to this Alliance hold a separate project risk register which can be found within the RIBA stage 2 report at Exempt Appendix A.

### **Legal Implications**

- 7.5. The legal implications for the design stages of the project and procurement were set out in the previous report REG2501. There are no additional legal implications as a result of this report.

### **Financial Implications**

- 7.6. The project currently is anticipated to be funded by external funding of £18.5m of Levelling Up Fund Grant, supplemented by £5m borrowing.
- 7.7. Committing to RIBA stage 4 does not commit the Council to construction works, and will be fully funded by the Levelling Up Fund Grant. This report does not commit any Council funding at this stage.
- 7.8. Following RIBA Stage 4, will require a detailed Business Case, including an appropriate funding strategy supported by robust independent due diligence, must be produced prior to consideration by Cabinet and Council on conclusion of the RIBA Stage 4 work.
- 7.9. The Council continues to have a financial deficit within its MTFS which requires resolution. Until this has been resolved and financial sustainability achieved, the Council does not have capacity to take on any further cost or underwrite financial risk of an entirely discretionary nature, such as this project. The Council's MTFS will have to be altered to accommodate project costs beyond RIBA stage 4 that fall outside of the LUF funding and will have to be mitigated by cost reductions elsewhere.
- 7.10. Ernst & Young LLP, the Council's Financial Statements Auditors, raised a Going Concern matter as part of the 2023-24 financial statements audit findings report



regarding the council's high level of short borrowing and affordability. Therefore, progression of the project to construction stages, and therefore committing the council to over £20m of capital expenditure will require the Councils' external auditors to support the proposal.

- 7.11. In addition, MHCLG will need confidence that the council is financially sound and the project will offer financial viability to ensure that the Council does not receive a Best Value Notice. Ministry of Housing, Communities and Local Government will consider issuing a 'Best Value Notice' to secure compliance with the Best Value Duty, as required by the Local Government Act 1999.

### **Resource Implications**

- 7.12. An internal Project Team is in place comprising existing establishment roles within the Regeneration and Development Service to progress client-side responsibilities associated with the delivery of the scheme. External legal support will be required to support the project and budget has been allocated for this.

### **Equalities Impact Implications**

- 7.13. The project addresses significant Health inequalities and seeks to improve access to leisure facilities in Farnborough. An Equality Impact Assessment will be produced in the next stage of the project and will form part of the business case. Key stakeholders such as Rushmoor Accessibility Action Group are being engaged on the emerging proposals.

## **8. CONCLUSIONS**

- 8.1. The delivery of a new leisure centre for Farnborough is a significant priority for local people and the Council's Cabinet. The focus is to proceed at pace to ensure that the new centre can be delivered within the Levelling Up funding timelines and to ensure a much need facility for local people.

### **LIST OF APPENDICES/ANNEXES:**

Exempt Appendix A – RIBA Stage 2 Report  
Appendix B – Detailed Current Programme  
Exempt Appendix C – MHCLG Risk Register

### **BACKGROUND DOCUMENTS:**

Cabinet Report REG2501

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