

FULL COUNCIL**12 OCTOBER 2016****REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS****MELTON LEISURE VISION- MELTON SPORTS VILLAGE PROCUREMENT PHASE****1.0 PURPOSE OF THE REPORT**

- 1.1 For members to note and approve the Melton Sports & Leisure Village Project Initiation Document (the work carried out as Phase 2 of the Leisure Vision Project). That members note that following this stage officers working with our appointed consultants will proceed to the Procurement Phase of this project.

2.0 RECOMMENDATIONS

It is Recommended that:-

- 2.1 **Members thank the Melton Sports, Leisure & Culture Working Group (MSLCWG) for their work in progressing Phase 2 of the project.**
- 2.2 **Members approve the Leisure Vision Project Initiation Document (PID) (Attached as Appendix A) and supporting documents Appendices B-D (exempt Appendices E-G).**
- 2.3 **Members subject to recommendation 2.2 note that officers will now commence the procurement process as outlined in the PID.**
- 2.4 **Members subject to recommendation 2.2 approve that 'The Melton, Sports, Leisure & Culture Working Group' continues to operate under the new Terms of Reference of:**
'To oversee the development of the project and consider the Procurement Reports for Full Council to be able to determine the way forward'
- 2.5 **Members approve a short term (up to 6 month) extension to the current contract with SLM for the existing facility, as set out at section 6.3 of the report.**
- 2.6 **That members note the delegation exercised by the chief Executive as outlined in section 3.8.**

3.0 KEY ISSUES

- 3.1 Melton Mowbray Borough Council is currently seeking to deliver its leisure vision for the borough and town of Melton Mowbray, which includes the development of a Melton Sports Village.

Members of the Council on 30 March 2016 approved the Draft Melton Sports Village Business Case. In considering the facility development options outlined in that report, it was identified that there are two principal options as summarised below:

- **Leisure Vision Option** – which includes a new artificial grass pitch for the main stadium for football and rugby and indoor facilities including a new sports hall.
- **Stadia Enhancement Option** – which delivers similar facilities to the Vision Option but excluding the indoor sports hall, relying on the existing sports hall provision.

Members should note that the minimum option (standstill) is to secure a medium term management agreement for the existing site/facility. On this point members are asked to note that the facility has seen significant improvements in participation, with usage increasing to near full capacity in some areas and also the introduction of new activities for a wide range of users.

- 3.2 As part of the next steps the MSLCVWG instructed officers to undertake further work to develop the Project Initiative Document and particularly for that to include soft market testing.

This report presents an update on this work and progress of the Melton Sports and Leisure Village project and sets out the proposed approach to the future procurement and project management to deliver the vision and outcomes for the project. The approach to the project is summarised below with further detail in the Project Initiation Document (PID) attached as Appendix A.

The Council approved a draft business case to based on entering into a Design, Build, Operate and Maintain (DBOM) procurement process for the redevelopment of the King Edward VII sports centre into the Melton Sports and Leisure Village based on three options highlighted above.

It is proposed to use the competitive dialogue procedure and we set out over subsequent paragraphs (3.4-3.7) the overall project management structure and timetable, together with the resources.

- 3.3 The Working Group at their meeting on 28th September were presented with the PID and associated documents .Working Group members in addition to making any comments on the documents also sought further clarification on the impact of any Pru borrowing and also re-iterated that the minimum position following the procurement would be at no cost to the Council with an ideal position of a management fee being received by the Council. Officers have provided a worked up example of the costs associated with Pru borrowing in exempt Appendix F.

The Working Group was pleased to note the positive outcome of the soft market testing Contained in the report. (Exempt Appendix E)

3.4 **Project Management Structure**

It is proposed that the project will be overseen by the Melton Sports, Leisure & Culture Vision Working Group (MSLCVWG) reporting to Council. Any key guidance and comments at the key project stages will need to be made by the steering group.

It is anticipated that there will be a Project Management Team made up of key officers and specialist advisers supporting the MSLCVWG with a number of different work streams including planning, funding, procurement, stakeholder consultation. The table below sets out the key responsibilities of each group.

Group	Key Responsibilities
Council	<ul style="list-style-type: none"> • Makes Key Decisions – shortlisting, appointment of contractor, financial arrangements
Melton Sports, Leisure & Culture Working Group	<ul style="list-style-type: none"> • Guides & Supports Project Management Team • Members input to project outcomes • Acts as sounding board for member

Group	Key Responsibilities
	decisions
Project Management Team	<ul style="list-style-type: none"> Oversees and guides work streams Troubleshooting & Problem Solving Key Officer decision making Meets at least monthly
Work streams	<ul style="list-style-type: none"> Leads work in particular area Reports issues & progress to Project Team

3.5

It is anticipated the Project Management Team will meet at least monthly with the Working Group as appropriate. An external project manager has also been resourced to support the Project Team.

3.6

A detailed project plan has been developed and a summary is presented in Appendix C and we summarise the key milestones below:

- | | |
|-------------------------------------------|----------------------|
| • Advert and Pre Qualification | Oct – Dec 2016 |
| • Invitation to Submit Detailed Solutions | Jan – April 2017 |
| • Invitation to Submit Final Tenders | May – July 2017 |
| • Preferred Bidder & Mobilisation | Aug – Sept 2017 |
| • New Contract Commences | Oct 2017 |
| • Construction | Oct 2017 – Sept 2018 |

This plan is based on the approach previously presented and enables the Council to consider the various options during the Invitation to Submit Detailed Solutions and then finalise its option to progress once these are received.

3.7 Procurement Document Framework

A key first stage of the procurement is to prepare the procurement documentation which will be used to shape and structure the responses from the market. This documentation will include:

- **Instructions & Guidance to Bidders** – setting out how bidders respond to the opportunity and what information and method statements are required as well as the evaluation framework;
- **Descriptive Document** – sets out the outcomes and approach for the project together with the background data and business case;
- **Specification** – setting out the key facility requirements (such as facility mix and design standards) and key service requirements (pricing, programming, opening hours, operational delivery);
- **Contract** – DBOM contract based on standard Sport England documentation.

The documentation will be prepared in advance of the procurement to effectively present the project to the market and ensure that there is sufficient market interest.

All of those contacted with the exception of one, expressed an interest in the project and would anticipate putting a submission. Further details are provided in exempt Appendix E.

3.8 Operational Update-Chief Executives Delegation

The number of people using the site is increasing due to the wider range of activities now being offered, often undertaken as a pilot and receiving a strong response from the public.

The Melton Town Football Club is currently operating at a Step 6 level within the Football Association level structure. (Step 1 being the non-conference league). To meet the requirements of this level, they are required to have Floodlights and a minimum 50 seater covered stand. In addition this has to be in place to be in place to fulfil their fixtures during 2016/17. Given that their first evening home matches were taking place in early October the Chief executive was asked to exercise their delegated authority in order to place the orders for these two items.

Members are asked to note that the Chief Executive, in light of the unanimous support of the Working Group which included its Chair and the Leader and following consultation with the Leader of the opposition and the chair of the Community & Social Affairs Committee exercised their delegated authority to place orders for the purchase of the floodlights and permanent seating at a total cost of £65,000.

Members are asked to note that the floodlights were installed on Wednesday 28th September, the seating is scheduled for late November/ Early December, however, temporary seating is currently in place to satisfy the league requirements.

Most of this expenditure can be claimed back from the Football Foundation (FF) as it meets their stadia enhancement funding grant. This is a drawdown and not a bidding application. Members are asked to note that a grant claim was submitted on 16th September and officers and the Football Club are progressing the claim with the FF.

The grant drawdown can claim for 70% of the total costs (or £50,000) whichever is lower.

The understanding is that the purchased items belong to the Council, as the freeholder of the site, and is linked to the facilities servicing a football club at the appropriate level.

4.0 **POLICY & CORPORATE IMPLICATIONS**

4.1 There are clear links to the Council's Corporate Plan Priorities specifically:

- Improving the well-being of vulnerable people;
- Increasing public confidence & pride in neighbourhoods;
- Meet the Economic needs of Borough

4.2 The Melton Sports Village is a key project supporting the overall Leisure Vision programme approved by the Melton Community Partnership and links into the Council's Corporate Plan and the Melton Sustainable Community Strategy priorities around Health and Well-being.

5.0 **FINANCIAL IMPLICATIONS**

5.1 Members of Policy, Finance and Administration Committee at their meeting of 18th July 2013 approved:

"an earmarked capital receipts reserve be created containing £1,000,000 earmarked from General Fund Capital Receipts for the Leisure Vision project".

Members have been provided with a table at 5.2 outlining the latest position on this reserve.

5.2 Members are asked to note that the recommendations contained in this report do not commit the Council into any agreement. The allocation of budgets to meet the procurement costs will be met from the earmarked monies for this project

The Council has identified a budget for the procurement of the project and this is based on bringing in specialist external advice as required. Currently the proposed budget for the procurement and project management includes the following:

- Specialist Leisure Procurement & Project Management Support
- Legal Advice
- Condition Surveys (if required)
- Asbestos and Ground Surveys
- Contingency

The total budget proposed for the project is approximately £90,000 and includes the key areas identified above, with further detail presented in the PID. It should be noted that if this project didn't progress for any reason these costs would have to be charged to the revenue budget as in year expenditure.

Taking into account the proposed £90,000 funding requested above the remaining balance of the initial £1,000,000 funding would be £732,000 as outlined in the table below.

Original Allocation	£	1,000,000
2015/16 Initial Allocation for football Club move	-£	90,000
16/17 Capital Allocation for additional works incurred on football Club move	-£	78,812
Works to satisfy FA funding conditions as outlined in para 3.8	-£	18,000
Procurement Phase of MSV site and operation as outlined in this report	-£	90,000
Remaining Balance	£	723,188
S106 monies secured to date on Leisure Vision	+£	9,000
Total Remaining Balance	£	732,188

As part of the project management the budget will be reviewed at each project management meeting.

- 5.3 The capital costs have been used in the analysis of the financial implications for the development as detailed in the Appendix E (exempt). In particular it should be recognised that these are budget costs only and will be developed further through procurement, as part of the development of the draft Business case. The minimum costs identified have been used as the essential requirements but the DBOM approach would seek to deliver the aspirational layout and facilities as per the design concepts, subject to funding.
- 5.4 Section 3.1 presents three scenarios in respect of the potential revenue position, namely:
1. Vision Option – including the new Sports Hall facilities and conversion of the existing sports hall to a more commercial approach (such as extreme sports or indoor 3G AGP);
 2. Stadia Enhancement Option – excluding the new Sports Hall and retaining the existing sports hall as a sports hall.
 3. Existing facility
- 5.5 Should the council determine to prudentially borrow to fund any shortfall in capital requirements this management fee would be available to support any borrowing costs. Appendix F (exempt) outlines some examples of how the prudential borrowing could be funded from the operating surplus.

5.6 Funding Opportunities

There are three principal sources of funding, which include:

- Grant funding – from organisations such as Sport England, the FA and other Governing Bodies. Members should note that an expression of interest for funding towards the stadia has been submitted to the football foundation and a discussion in relation to match funding has taken place with the Rugby Football Union.
- Developer contributions (or CIL), where funding is achieved from the sale of land for residential or commercial development; and
- Public sector funding – either from the organisations own capital resources or through prudential borrowing. It is likely that prudentially borrowing will represent a lower cost form of funding as council's can borrow more cheaply than the private sector. However the, market testing of both scenarios will indicate the extent to which this is the case.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 There are no direct legal implications from the recommendations in this report as the Council will not commit to any form of agreement for the longer term management of the facility until a report of brought back to Full Council for a final decision on the way forward.

6.2 With regards to the current organisations that use the site, appropriate agreements are in place and any future development of the Melton Sports and Leisure Village (MSLV) will need to consider the options for future management and delivery, to reflect both the clubs interests and approach and a return through the appointment of professional leisure management contractors.

6.3 The current interim management arrangement with SLM is for 2 years (commenced 29 June 2015) as a minimum officers will have to procure a new management contractor for the existing site and facilities which this procurement will also deliver – the standstill option. However, to facilitate this procurement phase members are asked to approve a short term (6 month) extension to the current contract.

Officers have sought external legal advice on this and their comments are attached as Exempt Appendix G:-

7.0 **COMMUNITY SAFETY**

7.1 There are no specific implications arising from this report, although it is possible that some members of the Community may propose services and facilities which may improve the offer to young people and potentially reduce Anti-Social Behaviour.

8.0 **EQUALITIES**

8.1 There are no direct Equalities issues arising from this report, however, Equalities Impact Assessments will be required as the development of the Vision progresses further taking into account 'Hard to reach' groups.

9.0 **RISKS**

Appendix C attached shows the detailed risk register developed for this project. The high levels risks are shown below:

9.1

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant				
	D	Low			1,2	
	E	Very Low			3	
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

Risk No	Risk Description
1	Option B within the Business Case leads to a significant revenue cost to the council
2	Failure to secure capital funding required
3	Reputational risk of procurement not being successful

10.0 CLIMATE CHANGE

10.1 There are no specific Implications in this report relating to Climate Change.

11.0 CONSULTATION

11.1 The Leisure Vision has been developed through a borough-wide consultation exercise that attracted over 2,500 responses. In addition there has been on-going Sports Clubs and Organisations consultation undertaken. There has also been extensive consultation with:-

- National Governing Sports Bodies
- Sport England
- RFU/FA
- LeicesterShire Rutland Sport

11.2 The communications strategy for this project will need to take fully into account the different options that are being considered one being very similar to the existing arrangements through to a significantly enhanced offer.

11.3 Local Councillors have set up a local residents meeting which has met on 2 occasions and going forward it will be used a vehicle to consult and inform local residents.

12.0 WARDS AFFECTED

12.1 All wards are affected.

Contact Officer: Harry Rai
Date: September 2016
Appendices: Appendix A – Project Initiation Document
Appendix B- Project approach and timetable
Appendix C- Project Plan
Appendix D- Project Risk Register
Appendix E- Exempt- Details of Soft market testing
Appendix F- Exempt- worked example- cost of Pru Borrowing
Appendix G- Exempt Legal advice on extension

Background Papers: Draft Melton Vision Business Case
Reference: X: Committees/Council/2016/17/121016/HR- Leisure Vision