

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 24th June 2013
Report of: Head of Public Protection & Enforcement
Subject/Title: Commissioning Crewe Cumberland Lifestyle Centre
Portfolio Holders: Cllr Bailey, Cllr Clowes

1.0 Report Summary

- 1.1 In December 2012, Cabinet took the decision to procure and commission a contractor to work in partnership with the Council to deliver a new Lifestyle Centre in Crewe. The centre will be based at the existing Cumberland Arena.
- 1.2 The value of the scheme has been budgeted at £12.7M, with approximately £8.8M reserved for the build costs and the remainder for associated highway works, design costs and contingency. The budget is included in the Council's Capital Programme.
- 1.3 Based on the December decision, a procurement exercise has been completed through the Northwest Construction Hub Framework and after a mini-competition, Kier Construction are the council's preferred Design and Build Contractor.
- 1.4 This paper seeks to gain approval to appoint the preferred contractor and commence the next stages of the project which are to work with internal and external stakeholders to scope out in detail the asset, enter detailed design, apply for planning permission and finally start construction on site in winter 2013. The centre would be opened approximately 18 months later in the Spring of 2015.
- 1.5 The outline delivery timetable proposed is as follows:

Jun 13 – Jul 13 – Consultation and agree detailed scope
Aug 13 – Dec 13 – Complete detailed design, planning permission
Jan 14 – Jan 15 – Construction and commission
- 1.6 A full Equality Impact Assessment and a Transport Assessment were completed during the procurement phase towards mitigation of the key risks outlined in December.

2.0 Recommendations

It is recommended that

- 2.1 Kier Construction be appointed as Design and Build Contractor to work in partnership with Cheshire East Council, and officers be authorised to take all necessary action to work with the Contractor to deliver the new asset quickly; and
- 2.2 in order to expedite design 'sign-off', Cabinet delegate design authority to a task group consisting of the Project Board and the Portfolio Holder for Health and Adult Care.

3.0 Reasons for Recommendations

- 3.1 The lifestyle concept and the business case for its implementation in Cheshire was investigated and documented by PwC in April 2012. It concluded that the concept was viable and worthwhile in a number of towns within the borough including Crewe, Macclesfield and Congleton.
- 3.2 A detailed business case for Crewe was presented in the December cabinet paper which identified that a new Lifestyle Centre in Crewe supports a number of the Council's corporate plan objectives, meets many of the sustainable community strategies and five of the corporate budget priorities.
- 3.3 The new lifestyle centre is part of a regeneration plan for Crewe, bringing modern adult social care and leisure facilities to Crewe that are fit for purpose, while reducing the council's asset base and maintenance liability.
- 3.4 The lifestyle centre complements the Council's new leisure strategy providing a vehicle for achieving its wider benefits.
- 3.5 A full list of benefits to be realised by the Lifestyle Centre are described in the detailed business case, which is available on request.
- 3.6 A mini-tender procurement through the Northwest Construction Hub has scrutinised bidders on a qualitatively (70%) and on a cost basis (30%), to ensure the most suitable partner is chosen.
- 3.7 Smooth running of the project relies on the ability of the Council to quickly agree on the detailed scope of the new asset in a detailed brief. A well defined scope reduces the Council's risks due to client changes at a later date.
- 3.8 There is only 6-8 weeks available to reach consensus on the brief and the council must ensure the contractor has a quick decision making process. Delegating the 'sign-off' of the detailed brief to a task group will ensure quick decision and ensure that the project is not delayed.

4.0 Wards Affected

- 4.1 Primarily it affects residents using existing facilities in Crewe, though users could be resident in any area of the Borough.

The local ward is Crewe East.

5.0 Local Ward Members

Cllr Margaret Martin
Cllr David Newton
Cllr Chris Thorley

6.0 Policy Implications

- 6.1 As an early part of the 'All Change for Crewe' programme, this newly designed and built centre will provide a much needed, visible and aspirational investment in Crewe. This will contribute directly to the regeneration of the town and will also free up other sites and locations for further regeneration projects. This development would deliver the preferred option for Crewe as identified in the Lifestyle Centres feasibility study report by PwC.
- 6.2 The Cumberland Arena is already established within Crewe as an important community facility, with a specific focus on the provision of athletics facilities for the local and wider population. The existing facility has the potential for expansion including combining current uses with the expansion of provision to provide a leisure and community hub designed to a high standard, with improved access to the local community enabling it to meet strategic need across Crewe. There is a strong desire to ensure that new leisure facilities are 'inclusive' and provide state of the art fittings allowing use by all citizens
- 6.3 This development gives the opportunity to secure improved physical connectivity between the Cumberland site, the surrounding residential communities and, critically, the town centre, including the public transport interchange at the station.
- 6.4 The relocation of services from the Crewe pool, Oakley Centre, Macon Way Ethel Elks/Hilary Centre will make these sites available. These are also seen as critical sites in the regeneration of Crewe and provide real opportunities for further commercial or council led developments.
- 6.5 The business case is predicated on the basis that services, and their operating budgets, will migrate to the new centre to achieve the saving required to cover the capital cost. The business must ensure that other business service delivery decisions made by the council protect the business case of the Lifestyle Centre.

6.6 This project will have dependencies on the following strategies underway in the council:

- a) Older adults physically frail from long term care – A service review is taking place to ensure the council is able to provide the service level required by the regulators (CQC).
- b) Learning Disability Services – A service re-design is underway to allow service users to have more access to community based activities with greater social inclusion.
- c) Mental Health Services – a new service delivery model is currently being developed following the transfer of responsibilities for healthcare provision from the PCT.
- d) Development of a working age team – Adult social care services are being re-designed to effectively support all citizens across the citizen journey, breaking down silos in service delivery.
- e) Older adults care assessment teams – New ways of working involving systems thinking, mobile working and a person centred re-ablement model of assessment.
- f) Leisure Strategy – A new delivery model for delivering leisure in the borough.

The new lifestyle centre would provide a 'clean sheet' for the provision of a dedicated asset designed to meet the needs of the above strategies.

7.0 Financial Implications

- 7.1 A full Net Present Value (NPV) analysis has been undertaken, including a sensitivity analysis on both the scope of assets included and the extent to which the Council could support the borrowing outlay through capital receipts or external funding. This is available in the detailed business case.
- 7.2 The project involves the council relocating services in the Oakley Centre and associated buildings, Macon House, Crewe Pool, Ethel Elks, Hilary Centre, and withdrawing support from leisure services at William Stanier School. These have a total net current operating cost to the Council of £2.1m, when considering both expenditure and income. These assets can then be sold, releasing capital receipts valued at £3.3m.
- 7.3 The new asset is expected to have a net operating cost of £1.57m on the assumption that the net operating cost is like for like with existing services but including a 10% saving in employee costs, a 30% reduction in transport costs and a 7% saving in supplies and services.

- 7.4 The reduced operating cost results in a net revenue saving of £529k, which will be re-invested to cover the borrowing costs for the new asset, estimated to cost £12.8m. The NPV is sustainable over 25 year borrowing period, assuming inflation at 3% and a income increase of 2%.
- 7.5 A future decision to invest capital receipts or external funding could reduce the borrowing period or be used to 'kick start' other lifestyle centres in other towns within the Borough.
- 7.6 The capital has already been approved in the agreed Capital Programme, assuming a delivery date of June 2016. The new delivery date of the end of 2014 will require a re-profiling of expenditure, as funding is brought forward to pay for the asset.

8.0 Legal Implications

- 8.1 A fully compliant procurement process has been carried out to select the preferred contractor – Kier Construction, using a mini tender through the North West Construction Hub Medium Value Framework

9.0 Risk Management

- 9.1 A fully operational project team is established which meets on a monthly basis to discuss risks and issues impacting on the project. A full risk log is available from work undertaken to reach procurement from the Project team. A project manager has been designated to manage the interface with the contractor and will report to senior management or the executive management board as required.
- 9.2 The scope of the D&B contractor will include finalising the detailed scope of the new asset through stakeholder meetings and cross-cutting workshops and to collect and mitigate risks (within the power of the contractor) to the delivery of the project during the design and construction phases.
- 9.3 There are two existing risks identified in the December cabinet paper that need to be resolved.
- 9.4 Access to the site will involve negotiation with 3rd parties. There is currently a request from the privately owned Kingdom Hall to purchase a section of land for car parking currently owned by the Youth Centre, land that Crewe & Nantwich Borough Council sold previously. This will require the lifting of covenants. Our Assets service is negotiating and will protect the Council against future costs and access rights. However, the deal may include the relocating of both the youth centre (potentially into the new building) and the rebuilding of the Hall (which currently blocks access) elsewhere on the site. There are no disposal benefits here and likely costs have been included in the proposal.

- 9.5 Sir William Stanier school with leisure facilities was built to replace the old school on the Victoria site, of which Oakley centre was part. The business case for the Lifestyle Centre assumes that, due to its close proximity to the new centre (500m), the Council's support of leisure facilities here would cease. The Council currently runs the leisure provision and receives the profits, while the school has free use of the facility. The joint agreement expires in 2018. It would be favourable to negotiate with the school and ensure facilities become owned/transferred to the school or otherwise before this date. Either way, it is expected that revenue contribution from the Council will be withdrawn and the savings resulting from this contribute to this business case.
- 9.6 There are two new risks identified at the start of design as set out below.
- 9.7 Access to the site can be improved by the relocation of existing allotments which are adjacent to the site. Relocating these allotments will be undertaken by our Assets service, and though this remains separate from the scope of this project it will involve legal investigation. Should the allotments become available within the design and planning time frame of the project, this land will be included in the scheme to improve access.
- 9.8 There are aspirations emerging for footway access over the West Coast Mainline. Should this become part of the scope, legal arrangements will need to be made with Network Rail on the provision and subsequent installation of the foot bridge.

10.0 Background and Options

- 10.1 Full background information on the concept of Lifestyles Centres in relation to Cheshire East and a detailed business case with options assessed are available from the Senior Responsible Owner.

11.0 Access to Information

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