

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**5 MARCH 2009**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **COUNCIL DECISION/CABINET DECISION/KEY DECISION**

**Regeneration and Transport – Lead Cabinet Member – Councillor R Cook**  
**Culture and Leisure – Lead Cabinet Member – Councillor Mrs M Womphrey**  
**Leader – Lead Cabinet Member – Councillor K Lupton**

#### **BILLINGHAM FORUM REFURBISHMENT**

1. **Summary**

This report provides a formal update regarding the detailed design and costs associated with the Billingham Forum refurbishment.

2. **Recommendations**

It is recommended that Cabinet:

1. Proceed with the refurbishment of Billingham Forum as detailed in the Scope of Work section of **Appendix One** and on the layout plans in **Appendix Three A and B**, external elevations in **Appendix Four A and B** and 3D images in **Appendix Five** (*Appendix Four A and B and Appendix Five to be provided at Cabinet*).
2. Authorise the Head of Technical Services in the absence of the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Regeneration, the Leader and the Cabinet Member for Culture & Leisure to agree any further design changes
3. Authorise the appointment of the contractor, Morgan Ashurst, from the current Stage 1 (Early Contractor Involvement (ECI) to Stage 2 (Construction), subject to Planning Permission and confirmation that the construction cost is within the scope of the final cost plan

It is recommended that Cabinet recommend to full Council that they:

4. Approve the final cost plan as detailed in **Appendix One** and note the assumptions that inform this in **Appendix Six**
5. Note and approve the funding proposal as detailed in sections 32-37 of this report

3. **Reasons for the Recommendations/Decision(s)**

To enable the refurbishment of Billingham Forum.

#### 4. **Members' Interests**

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

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**BACKGROUND**

1. Billingham Forum provides a range of leisure functions and is one of the three main leisure centres in the Borough of Stockton-on-Tees. It has a diverse blend of leisure facilities including an ice rink, which attracts people from all over the Tees Valley, Yorkshire and County Durham and is one of only three permanent ice rinks in over a 100 mile radius. Attendance figures show that the ice rink is one of the most popular facilities on offer, with

usage figures increasing by nearly 55% (up to the current 203,000 annual visit) over the past 5 years. Billingham Forum also offers a swimming pool, health and fitness facility, Grade II listed theatre, and indoor bowls; facilities which appeal to a whole range of users from across the Borough and Tees Valley.

2. Billingham Forum Leisure Complex is managed by Tees Active Ltd., an Industrial and Provident Society (non profit distributing Leisure Trust), established by Stockton Borough Council. TAL operates with a management fee from Stockton Borough Council under a 15 year agreement, which commenced on 1<sup>st</sup> May 2004 and has an outstanding 20 year building lease of the Forum. Billingham Forum theatre is managed by Riverside Leisure Ltd (a private sector company) also through a management fee arrangement, whose current contract expires on 30<sup>th</sup> June 2009. Riverside Leisure Ltd are contracted to and monitored by Tees Active Ltd., under terms agreed with the Council.
3. As outlined in the February 2008 Cabinet report, Billingham Forum was built in the 1960s with what were then modern methods and materials. Given its age and construction type, many components are collectively reaching the end of their natural life. Ongoing difficulties including electrical problems and issues with the roof all reflect the increasing difficulty of maintaining the building as a safe and reliable operational venue.
4. As agreed by Cabinet and ratified by Council in February 2008, refurbishment of Billingham Forum, informed by a detailed financial and facility option appraisal, was chosen as the preferred option by which to retain and improve leisure facilities in Billingham as a district centre and for the use of people living locally, in the Borough and across the sub-region.
5. In February 2008, Cabinet also noted that officers planned to explore the potential for new theatre operators following completion of the refurbishment works, and to seek an investment contribution from the successful operator in order to improve the internal appearance and cultural offer of the theatre.

## **DETAIL**

6. Following Cabinet approval, officers produced an initial layout design informed by user group consultation, undertaken by Tees Active Ltd., and by Council and Tees Active Ltd. officers as end client. As a point of note, this design consultation resulted in around £500,000 of additional features which were considered to be a high priority many of which have been added to the initial design and will be delivered as part of the critical refurbishment, the scope of which is show in **Appendix One**.
7. Concurrently, officers produced and followed a detailed procurement strategy which led to an EU wide competitive tender exercise carried out in accordance with the Public Contracts Regulations 2006. In assessment of the tenders, officers undertook an analysis of the five companies who returned the Invitation To Tender (ITT). Note: tenderers were asked at tender stage to establish only competitively price elements of the preliminaries and their allowance for overheads and profits against a fixed net estimate of the construction costs. Tender assessment was based on Price/Quality criteria, with a 30/70 split.
8. Officers concluded that the Morgan Ashurst (Durham team) tender was the most economically advantageous offer based on the evaluation criteria which assessed their approach to Early Contractor Involvement (ECI) and relevant experience and technical ability which included projects of similar scope and complexity on which their proposed team had worked together. This included the refurbishment and new build of leisure centres and swimming pools. In addition, they also showed a clearer, more developed understanding of the needs of customers and stakeholders, which will be important through the delivery of the project.

9. In November 2008, Morgan Ashurst was appointed as the preferred contractor to work with the Billingham Forum design team through ECI. The ECI process enables the successful contractor to be involved at a much earlier stage in the project than would traditionally be the case. The contractor is expected to work closely with the Council to develop the project within budget in sufficient detail to ensure that risk management issues are identified and mitigated against and a final cost plan be more robustly identified through the use of Morgan Ashurst's subcontractor supply chain.
10. It is with a high degree of confidence that officers have produced a layout design that will be delivered within the budget constraints of the scheme (which is comprised of the £14.4M cost envelope previously agreed and an additional £200,000 bid to Sport England for a moveable swimming pool floor). The design team along with the Contractor has completed a multitude of surveys i.e. drainage, statutory undertakers and undertaken on site intrusive inspection work to remove as much uncertainty about the condition of the building as possible before reporting to Cabinet. Further works will continue as and when required in order to mitigate any further outstanding risks before starting on site. All currently identified risks are accounted for, however, substantive parts of the scheme would be subject to removal to a developed set of criteria if, once on site further unknown risks were uncovered.
11. A detailed design period is programmed to be finalised by mid June 2009 and over the next 19 weeks, on the lead up to this date, the design team involving the Contractor will further develop the detailed design, eliminate any outstanding risks associated with the design and work to ensure that the construction cost is delivered within the cost envelope.

#### Details of facility mix / Scope of works / Cost breakdown

12. The proposed refurbishment will retain and improve all of the existing facilities with the exception of the climbing wall which is to be removed due to under use and demand, and afford a new appearance and enhanced layout to the building and amenities offered. **Appendix One** provides an overview of the facility mix along with a cost breakdown for each element.
13. **Appendices Two A and B** illustrate the current floor layout whilst **Appendices Three A and B** show the proposed layout. Additionally, **Appendices Four A and B** reveal the north, east, south and west external elevations of Billingham Forum and **Appendices Five** show 3D images of a refurbished Billingham Forum. (*Appendix Four A and B and Appendix Five to be provided at Cabinet*)
14. The design team are confident that the refurbishment design strikes the right balance between style i.e. the look and feel of the design and functionality i.e. retaining the facility mix users currently enjoy. Key benefits of the scheme include but are not restricted to:
  - Large, open space reception, café with glazed atrium
  - Improved accessibility including an additional 2 no. 8 persons lifts
  - Improved, new look dry sports area including new dance studio
  - New ice pad and improved boot hire area
  - Increased flexibility of pool usage with the addition of a moveable floor
  - New changing facilities to pool area
  - New playbarn
  - Reduction in carbon emissions and improved energy consumption
15. The refurbishment of Billingham Forum has been designed to the budget of £14.6M and as a result it has not been possible to incorporate some of the enhancements that had been identified through the initial design process, some of them from consultation with user groups. The enhancements not included within the critical refurbishment scheme are detailed below:

- a) New dry sports changing rooms to the 1<sup>st</sup> floor (but the current ground floor changing provision is to be refurbished to provide sufficient change)
- b) An additional team changing area for the ice arena (current changing to be refurbished and a small female changing room incorporated)
- c) Timing, scoreboard and touch-pads for swimming galas (albeit the ducting etc. will be built so these facilities can be incorporated in the future when funding permits)
- d) 8 person lift to ice spectator area (a platform lift will be installed instead. 2 new 8 person lifts will be installed in the dry sports area and café/play barn area and the current Theatre lift will be refurbished)

### Timescales

- 16. Following and subject to Cabinet / Council approval a Planning Application and listed building consent (LBC) Application will be submitted by the end of March 2009. The detailed design period is programmed to be finalised by mid June 2009.
- 17. Tees Active Ltd and Riverside Leisure Ltd are programmed to decant from the building at the end of June 2009 and Morgan Ashurst will take possession of the site immediately following, in early July 2009. The construction period has been identified as 75 weeks in duration with the refurbished Forum open to the public at the beginning of January 2011.
- 18. Careful consideration has been given to the timing of works, with every effort being made to minimise the impact on existing users such as the Billingham Bombers ice-hockey team. However, Members will appreciate that it is not possible to undertake major works of this kind without some disruption.
- 19. Presently, Tees Active Ltd is working to co-ordinate the relocation of existing user groups for the period of refurbishment. Additionally, casual, pay and play style opportunities are also being reviewed and information relating to the relocation of these services/facilities will be provided in the near future. Further to this, specific activities such as the 'Sporting Start for Kids' in partnership with the Primary Care Trust are also being planned. All of this information will be disseminated across the Borough via the Council and Tees Active Ltd websites, Stockton News and community meetings / the Residents Network etc. prior to the refurbishment closure of Billingham Forum.

### Sustainability report

- 20. The refurbishment of Billingham Forum presents an opportunity to contribute to the 25% carbon reduction target within the carbon management plan adopted by the Council in March 2008. Our leisure facilities contribute 12% of our total carbon emissions arising from energy consumption and Billingham Forum with its ice rink, swimming pool and extended operating hours is a significant source of carbon emissions. For this reason we have employed our strategic partners Ove Arup to conduct an independent critical review of sustainability for the proposed refurbishment.
- 21. Step one of this review will be to determine the baseline position of Billingham Forum based upon all of the plant and facilities operating to design capacity. The next step will be to assess the design elements of the fabric of the building refurbishment that can contribute to a net reduction in the carbon emissions. An assessment of the contribution that can be made by low or zero carbon energy technologies such as solar hot water, bio-mass fuel will then be made. Finally an options appraisal and recommendations will be developed based upon costs and benefits against a variety of carbon reduction targets.
- 22. The outcomes from the review will be discussed at the Billingham Forum Project Board and then fed into the design process. This will enable informed decisions to be taken against the overall objective of a net carbon reduction from the newly refurbished building.

## Cost Plan Summary

23. The cost plan summary is provided in **Appendix One** and highlights the scope of works to be undertaken alongside the cost budgeted to complete the work.
24. A life cycle cost exercise has been completed to identify the programme and value of the building maintenance works which will be required to maintain the refurbished Billingham Forum over the twenty five year loan period.
25. The repairs and maintenance responsibility matrix for Billingham Forum has been agreed by the Council and Tees Active Ltd. The completed life cycle report takes into account assumed interest rates and inflation and provides a yearly cost for the required building maintenance works over the entire loan period(s). Following a review of design, construction methods and materials to be used, whole life costs have been calculated to be £1.7M.

## Theatre contract

26. With the Riverside Leisure Ltd theatre provision contract expiring on 30<sup>th</sup> June 2009, and the Forum refurbishment construction programme scheduled to commence in mid July 2009, officers brought forward their plans to explore the potential for theatre operators and in April/May 2008 soft market testing was undertaken. The soft market testing exercise assisted in refining the overall requirements for the theatre service and enabled officers to test assumptions about the state of the market prior to entering into a full procurement.
27. Of those parties that expressed an interest in operating the theatre only two were thought to have sufficiently demonstrated the experience and expertise required of operating a like venue. Officers met with each party to explore opportunities for capital investment in the theatre alongside the operator's ability to demonstrate value for money and their expectations, aspirations and programme offer should they be successful. Whilst the discussions were extremely positive, officers concluded that the proposals outlined by Riverside Leisure Ltd, the current theatre provider, were best placed to fulfil the Council's overall objectives for the theatre.
28. Since full commercial procurement had been determined unlikely to produce a better outcome, officers concentrated efforts working with Riverside Leisure Ltd to improve and enhance their offering. Officers retained the right to pursue a full commercial procurement should discussions with Riverside Leisure Ltd prove unsuccessful.
29. Following various and detailed meetings with Riverside Leisure Ltd, the Council has now concluded key terms for Riverside Leisure Ltd to provide theatre management services in respect of the Forum theatre. These terms include an interim contract over the refurbishment period and a new 10 year contract which will commence upon re-opening of Billingham Forum.
30. Day to day responsibility within the theatre will remain the responsibility of the new operator and a maintenance and repair schedule is being agreed. Asset replacement will be the responsibility of the Council and an asset replacement schedule is being agreed. All assets will belong to the Council but be retained for use within the theatre.
31. Although no up front capital works contribution by Riverside Leisure Ltd has been agreed as part of the new contract, the collection of more detailed customer and attendance information, allowing greater audience analysis will be incorporated. In turn, this will help to inform the theatre's marketing strategy and production of a strategy for programme and audience development, including continued and increased community use of the theatre, as outlined in the 'Review of Theatre Subsidy' Scrutiny Report (November 2007). The

relationship between the theatre provider, the Council and Tees Active Ltd will also be further clarified within the contract and appended Theatre provider Business Case. **Appendix 7** (to be tabled at Cabinet) provides additional information relating to audience and programme development and data collection relating to this.

## **FINANCIAL IMPLICATIONS**

32. In February 2008, Cabinet approved a refurbishment costed at £14.4M, which net of a capital Sport England grant, anticipated at £500,000, would cost the Council £1.094M per annum to fund prudential borrowing. In order to deliver the critical refurbishment, a further £200,000 has been sought from Sport England for a moveable floor to (part of) the swimming pool taking the critical refurbishment cost to £14.6M.
33. The £13.9M would be borrowed to correspond to the cash flow required to fund the refurbishment and based on current interest rates the Council would have to pay back prudential borrowing estimated at (an average of) £1,094,000 per annum over a 25 year period. This takes into account the lifecycle costs required over the life of the asset. The Council has set aside an annual contribution of £644,000 per annum and £450,000 would be generated from an overall review of rents charged to Tees Active Ltd to reflect improved commercial facilities at a range of establishments.
34. As a result of the reduction to lifecycle costs (from £2.7M to £1.7M) combined with a re-calculation of our prudential borrowing, the delivery of a circa £15M enhanced refurbishment which will fund the majority of those items listed in paragraph 14 a-d of this report may be possible. The opportunity for these changes is being further explored, the outcome of which will be agreed via Recommendation 2 of this report.
35. In summer 2008, the Council received notification from Sport England of a successful stage 1 submission for £500,000 capital and in September 2008 submitted stage 2; the final part of the bid. Officers have had several discussions with Sport England representatives including their architects regarding the refurbishment proposals and following discussions with Investment representatives from Sport England, anticipate notification of a successful bid in March 2009.
36. Additionally, in January 2009, officers submitted stage 2 of a bid to the Department of Culture, Media and Sport (DCMS), administered by Sport England for the aforementioned £200,000 to fund a moveable floor and boom as part of the swimming pool refurbishment works. This submission follows an invitation to bid for capital monies as a result of the Council's commitment to offer free swimming to support participation by two priority groups of people, namely Under 16's and Over 60's. The moveable floor element of the project will enable more flexible usage of the pool creating more shallow water for leisure users and people who cannot swim, whilst retaining the depth for water sports and diving.
37. Should either of the aforementioned bids prove unsuccessful it would be necessary to remove substantive parts of the refurbishment scheme in consultation with the Head of Technical Services in the absence of the Corporate Director of Development and Neighbourhood Services, Cabinet Member for Regeneration and Transport, Cabinet Member for Sport, and the Cabinet Member for Arts & Culture.

## **LEGAL IMPLICATIONS**

38. The closure of Billingham Forum for refurbishment has been timed to coincide with the Riverside Leisure Ltd theatre provision contract expiry, on 30<sup>th</sup> June 2009. Therefore, the Council does not need to negotiate an early closure of the theatre.



39. Whilst the Council has worked closely in partnership with Tees Active Ltd in shaping the project, for the purposes of compliance with the legal obligations set out in the management agreement, regarding Billingham Forum, the Council has formally given notice to Tees Active Ltd that we intend to redevelop Billingham Forum, closing to the public from 30<sup>th</sup> June 2009.

## **RISK ASSESSMENT**

40. During the cost planning exercise for this scheme, elements of the works that are known to contain high amounts of uncertainty or risk, have been identified and explored as far as practicable. As a result of the identified risks, every effort has been made to make a reasonable allowance within the cost plan to include for the anticipated risk element.
41. One example of a key risk that has been identified is the potential of 'permafrost' within the ground beneath the existing ice rink. This could mean that up to 3m of ground would have to be removed and replaced in order to construct the new rink on a suitable foundation. The cost plan has made allowance for the removal of 1m of ground and this assumption has been decided based on previous historic excavation data and general engineering 'good practice'.
42. Another key risk is the method of over-cladding the existing panels of Billingham Forum. Whilst the over-cladding operation itself does pose a certain amount of risk with regards to the structural integrity and load bearing capacity of the existing cladding panels and structure, this risk is being controlled by carrying out intrusive surveys to examine the existing condition of the various materials, and the initial reports are favourable.
43. As the existing building is some 40 years old, not all of the original construction drawings and details are available and as a result an additional 'construction contingency' allocation has been made. The purpose of the additional contingency is to make allowance for additional works that will almost certainly be encountered as the building is opened up.
44. Prudential borrowing is based on numerous criteria which over the 25 year life of the asset may change. These include assumed inflation rates, investment rates and loan interest repayments.
45. A 'Risk Register' has also been produced to identify the potential remaining risk areas. This register will be monitored regularly by the entire project team, and be used to manage the 'construction contingency'. As a result, the completed cost plan is a set of figures that should make adequate allowance for unforeseen work elements.

## **COMMUNITY STRATEGY IMPLICATIONS**

46. The Sustainable Community Strategy (Shaping Our Future) for Stockton-on-Tees 2008-2021 sets out the vision and key improvement priorities for the local area. The refurbishment of Billingham Forum contributes to this strategy by improving facilities for recreation and leisure; creating vibrant and successful town centres; helping children & young people to be healthy by tackling obesity and providing a range of educational, cultural and recreational opportunities.
47. Stockton on Tees Council Plan 2008-2011 sets out directives aimed at helping create a sustainable community in which residents and local organisations play an active role in developing and maintaining their own environment and society. Regeneration is one of the key themes of the Borough and includes the creation of recreation and leisure opportunities and revitalised town centres as key priorities

48. Regeneration Strategy for Stockton Borough 2007- 2012 outlines the redevelopment of Billingham Forum to provide a state-of-the-art facility, which offers a range of sport, leisure and cultural facilities.

## **EQUALITIES IMPACT ASSESSMENT**

49. An Equality Impact Assessment (EIA) has been applied and approved with an overall score of +80. The EIA looks at the overall aims and objectives of the Inclusivity/Accessibility Report and assesses:
- a) The main potential customer groups
  - b) A breakdown of potential users of Billingham Forum by:
    - i. age
    - ii. disability
    - iii. faith
    - iv. gender
    - v. race
    - vi. sexual orientation
    - vii. community cohesion
50. Key actions have been identified including further consultation with key stakeholder groups including disability (including the Councils disability advisory group), elderly and youth. The next date of review for the EIA has been scheduled to take place in August 2009.

## **CORPORATE PARENTING**

51. The facilities on offer following a refurbishment at the Forum would continue to cater for and attract children and young people to participate, contributing towards the reduction in obesity and healthy lifestyle agenda's. In addition the new café's would promote a healthy food agenda. All children cared for by the Local Authority would continue to receive free leisure passes to the Forum.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

52. There has been extensive consultation with all stakeholders in developing the design proposals and costings including (as appropriate) Billingham Ward Councillors, Cabinet Portfolio holders, The Billingham Partnership, Tees Active Ltd and Forum User Groups. Further consultation with Cabinet Members, Billingham Ward Councillors, The Billingham Partnership and Billingham Town Council has taken place preceding this Cabinet report.

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Background Papers

Report to Cabinet – February 2008

Report to Cabinet – January 2007

Ward(s) and Ward Councillors

Billingham Central	Cllr Mrs McCoy and Cllr Woodhouse
Billingham East	Cllr Cunningham and Cllr Stoker
Billingham North	Cllr Leckonby, Cllr Mrs Aggio and Cllr Mrs Apedaile
Billingham South	Cllr Smith and Cllr Mrs O'Donnell
Billingham West	Cllr Womphrey and Cllr Mrs Womphrey

Property Implications

Relate directly to Billingham Forum and Billingham Town Centre.