

# Aireborough Leisure Centre roofing and internal works – Authority to accept the tender from Leeds Building Services and Authority to Spend against capital scheme 33876/000/000

Date: 17 June 2024

Report of: Project Officer Projects & Programmes

Report to: Chief Officer of Operations & Active Leeds

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

This report seeks approval to appoint Leeds Building Services (LBS) to deliver roofing and internal improvement works to Aireborough Leisure Centre, via a direct selection of the internal service provider, in line with Corporate Procurement Rules (CPR rule 3.1.4).

The roofing and internal remodelling works are funded through separate funding streams and were tendered separately, however this report details both projects as they will be delivered by LBS and managed as one package of works with the internal remodelling works sequenced to commence immediately after the roofing works have been completed.

The project will be based upon the principles of a JCT Minor Works Building Contract with contractor's design 2016. The tender sum is detailed in Appendix 1A.

## Recommendations

The Chief Officer of Operations & Active Leeds is requested to:

- a) Give Authority to spend and incur expenditure from the Capital Programme, for delivery of the internal remodelling works detailed in this report. See attached confidential APPENDIX C – Project Budget Sheet.

- b) Grant approval to award of the construction works to LBS, to deliver the internal remodelling at Aireborough Leisure Centre, as detailed in the attached CONFIDENTIAL APPENDIX B - Final LBS Tender Report.
- c) Note that the two elements of the project will be funded through separate budgets, with roof works to be funded by CPM capital maintenance budget and the internal refurbishment works being funded from the Capital Programme, via prudential borrowing. See attached CONFIDENTIAL APPENDIX A1 – Internal Refurbishment Works Costs and CONFIDENTIAL APPENDIX A2 – Roof Works Costs

### **What is this report about?**

- 1 This report sets out the details relating to the tender route taken to deliver the re-roofing works and internal refurbishment at Aireborough Leisure Centre (ALC). A direct selection of the internal service provider, Leeds Building Services (LBS), is considered the best option given that the works consist of two projects on the same building, which require a high level of coordination and sequencing between each element of the project.
- 2 The report provides details of the benefits of taking this route, highlights any risks, issues and mitigation measures that will be implemented, as well as the next steps the project team will take to deliver the project.
- 3 The report sets out the economic case for delivering the project and seeks authority to spend against the costs set out in the attached confidential appendix C.

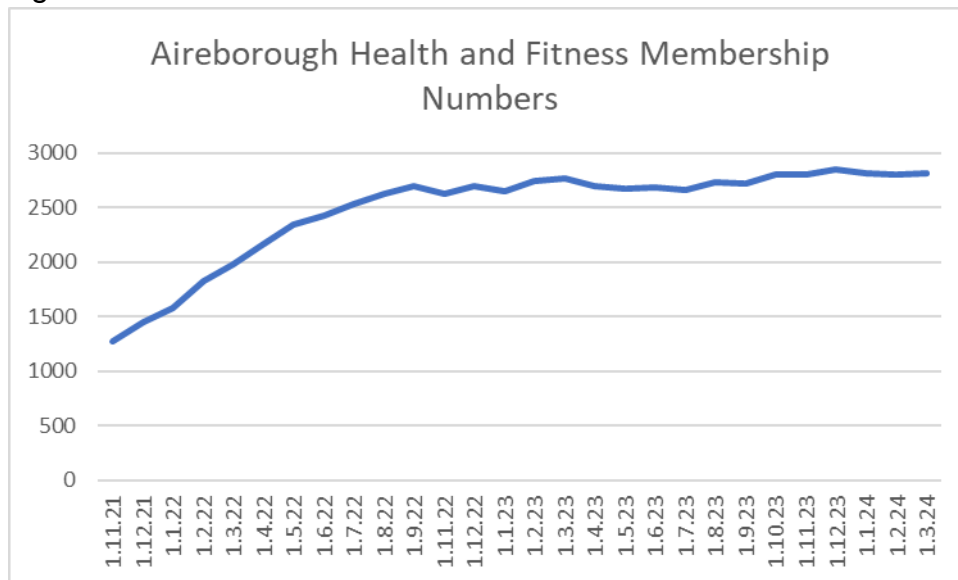
### **What impact will this proposal have?**

- 4 ALC currently has a growing customer base, which is resulting in the Centre experiencing difficulties with accommodating all customers, particularly at busier times. There are some facilities in ALC that have been underutilised over recent years, such as the squash courts and climbing room, whilst other areas, including the Gym and Activity Studio have experienced increased demand.
- 5 Simultaneously, the Council's Corporate Property Management (CPM) Team had identified a maintenance project that proposed to re-roof ALC including replacement of the parapet cladding and partial replacement of external wall cladding. In response it was agreed that both projects be co-ordinated, so that the roof be prioritised and undertaken in advance of the internal works commencing. This approach will reduce any required closure period of areas within ALC, as works are undertaken.
- 6 Other improvements that will be undertaken within ALC via this commission include:
  - a) The renewal of rainwater goods and the relocation of some down pipes
  - b) A new structural platform to circulation space
  - c) Fitting out the gym extension
  - d) Ground floor WC alterations
  - e) Conversion of a first-floor office into a staff breakout area
  - f) Provide updated insulation levels resulting in reduced energy consumption over the life of ALC.
- 7 A 2016 Executive Board approved £1.2m improvements to Aireborough Leisure Centre. In 2018 the Aireborough refurbishment was completed. Works included: new changing rooms, entrance, plant room works, refurbished pools, virtual studio, and new café and community hub (library).

Funding came from several sources including Sport England, Corporate Property Management, Communities team and council capital receipts.

- 8 Since re-opening, Aireborough's Health & Fitness memberships has grown to 2,818, which is a 40% growth since the pandemic, which is putting pressure on the current gym provision. Aireborough has the highest number of members per gym station of all the gyms across the portfolio and 511 of these members are juniors or students which can cause capacity issues between the hours of 3-6pm.

Fig. 1



- 9 Inability to satisfy demand and customers feeling the gym is too busy has led to increased dissatisfaction across the membership base and will eventually lead to increased cancellations. Aireborough LC Net Promote Score has decreased from a good above average 31.5% in January 2023 down to 12.7% in February 2024. With customers highlighting the gym is too busy and they are having to wait or not able to get on to gym equipment, as well as too many juniors occupying the space, highlighting the need to increase the footprint of the gym to add in more gym equipment to accommodate demand and customer membership levels.
- 10 As the above graph (Fig. 1) highlights gym membership levels have plateaued as the gym is at capacity. Attrition rates at Aireborough have increased to 5.14% (service average is 4.63%) again highlighting more customers are cancelling their membership which will eventually lead to membership levels reducing and therefore reducing income levels.
- 11 Based on the latent demand and population data and based on the additional 22- gym station and new larger fitness studio is it proposed that the membership level will increase by 500-800 taking the membership level to between 3,300-3,600 members. This works out at the top range 42 members per station which compares with similar members per station across the portfolio and compares well against Rothwell and Morley Leisure that is of similar size, facility, and demographics to Aireborough. This wouldn't be achieved on day one of operation and will take 3-5 years to reach maturity which also needs to be taken in to account.
- 12 Approval of the project will enable the Council to commence works on the roof in early to mid-summer 2024, with completion in early autumn. The internal works will be sequenced to commence immediately after the roofing works have concluded, resulting in both elements of the scheme currently projected to be completed in late 2024. This construction programme will ensure that works are completed in advance of ALC's busiest period of the year, at the beginning of the calendar year.

## How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 13 The refurbishment element of the project will feed into the Best City Ambition, by improving ALC's health and wellbeing offer to the local community and surrounding areas. The project will provide facilities that are accessible to the whole community and encourage more active and healthy lifestyles, at more affordable prices than similar facilities in the private sector.
- 14 The improved offer at ALC will assist in promoting local spending, through increased membership and a higher overall number of customers, contributing to a thriving community. In addition, LBS will utilise local contractors where possible, to undertake some elements of the works that require external sub-contractors.
- 15 The roof replacement will increase the thermal efficiency of ALC by improving the heating and ventilation system throughout the areas of the building that are being enhanced, whilst also insulating the roof space, helping to minimise the loss of heat, lower energy use and costs, and reducing the building's carbon footprint. Cooling will also be added to improve the performance in hotter periods.

## What consultation and engagement has taken place?

Wards affected: Guiseley & Rawdon.

Have ward members been consulted?

Yes

No

- 16 The Executive Member for Adult Social Care, Public Health and Active Lifestyles and Guiseley and Rawdon Ward Members have been briefed face to face and in writing and have provided input throughout the process within which the project has evolved. The Project Manager will continue to engage with and update Members until project completion.
- 17 A public consultation event was undertaken on 7<sup>th</sup> December 2023, at which the Council provided an overview of the proposals, gave members of the community the opportunity to provide their feedback and measure support for the proposals. Consultation material was left on display at ALC and customers and members of the public were able to give their feedback for a further 6 weeks after the consultation event. Active Leeds promoted the consultation event on the ALC website.
- 18 Feedback was supportive of the proposed refurbishment works. There were 32 respondents and the key issues that were fed back included support for, the gym extension, improved building quality and increased activity studio space. Respondents also advised that regular communication and minimal disruption to existing services were important throughout project delivery. The project team will coordinate, and sequence works so that minimal disruption is caused throughout the construction delivery.

## What are the resource implications?

- 19 The financial implications for the Council are set out confidential Appendix C. The Council's Financial Performance Group considered the proposed funding arrangements, related to prudential borrowing, and gave clearance to the scheme on 15 May 2024.
- 20 There are currently no anticipated changes to staffing requirements at ALC. However, it should be noted that there is potential for additional fitness instructors, should the membership base grow sufficiently to require additional fitness classes.

- 21 Delivery of the internal works will increase revenue generation by reconfiguring underutilised areas of ALC to offer activities for which there is a higher demand.
- 22 Delivery of the roof and cladding works will improve the thermal efficiency, reducing energy costs. In addition, it will reduce maintenance costs to the building fabric.

### **What are the key risks and how are they being managed?**

- 23 Risk will be managed through the Council's PM Lite risk methodology, via a costed risk register. The costed risk register will be developed in partnership with NPS and LBS, who are acting as the main contractor. The project will be managed by City Development Projects & Programmes team in partnership with NPS, who will provide technical oversight. Key risks, issues and opportunities will be monitored by the Project Manager and will be reported back to the Vision for Leisure Board.
- 24 Failure to deliver the project could result in ALC being unable to accommodate the growing membership base, resulting in a potential increase in membership cancellations as well as restricting income growth.
- 25 Failure to deliver the project will prevent the Council from making the necessary adaptations to meet local demand and render the building more fit for purpose. Without the delivery of the project there is a risk that attrition rates will fall, impacting revenue. In addition, there is a high risk of increased maintenance costs should the roofing and cladding works not be completed.

### **What are the legal implications?**

- 26 The appointment of LBS as the Internal Service Provider (ISP) has been delivered in line with Corporate Procurement Rules (CPR) and is compliant with CPR 3.1.4.
- 27 The value of the contract necessitates that a Key Decision Notice will be required and that the scheme will be subject to call in.
- 28 Tender costs are commercially sensitive and would compromise LBS' market and commercial position. As such, contract costs are set out within confidential Appendix A.
- 29 Appendices A to D are exempt under Access to Information Procedure Rule 10.4(3) as they relate to the financial affairs of the Council and other parties.

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 30 As the Council's ISP, LBS was able to deliver the construction of both elements of the project and no other procurement options were necessary.

#### **How will success be measured?**

- 31 The success of the project's construction will be measured through the project being delivered on time, within budget and to the agreed qualitative standards set out within the contract.
- 32 The project's success will be measured through attendance numbers and income generation.
- 33 Customer satisfaction will also be used as an indicator of success, through mystery visits and customer satisfaction surveys.

#### **What is the timetable and who will be responsible for implementation?**

34 Based on an indicative programme provided by NPS, the project will take a total of 28 weeks from lead-in to completion. Key milestones with an indicative timeframe can be seen below.

- i. Lead-in period 8 weeks (summer – autumn 2024)
- ii. Construction period 20 weeks (late summer/early autumn – winter 2024/25)
- iii. Handover meeting (winter 2024/25)
- iv. Issue practical completion certificate (winter 2024/25)

35 The Chief Officer of Active Leeds and Operations will be responsible for the successful delivery of the programme of works.

## **Appendices**

- Appendix A1 CONFIDENTIAL – Internal Refurbishment Works Costs
- Appendix A2 CONFIDENTIAL – Roof Works Costs
- Appendix B CONFIDENTIAL – Final LBS Tender Report
- Appendix C CONFIDENTIAL – Project Budget Sheet
- Appendix D CONFIDENTIAL – ALC Refurbishment Business Case
- Appendix E – EDCI Screening Form

## **Background papers**

- None,