

Report to Cabinet

15 March 2023

Subject:	Haden Hill Leisure Centre – Levelling Up Fund Programme
Cabinet Member:	Cabinet for Leisure and Tourism Cllr. Laura Rollins
Director:	Director of Regeneration & Growth Tony McGovern Director for Borough Economy Alice Davey
Key Decision:	Yes
Contact Officer:	Business Manager for Sport & Leisure Gemma Ryan Gemma_Ryan@me.com

1 Recommendations

- 1.1 That the Director of Finance be authorised to provide the minimum 10% match funding contribution to the Haden Hill Leisure Centre Levelling Up Fund programme from the identified LUF contribution for this project of £2,000,000, including via prudential borrowing if necessary.
- 1.2 That the Director of Finance be authorised to identify and provide an initial £300,000 capital budget in advance of receipt of grant monies and draw down of any partnership funding to enable necessary key project developments to be undertaken in the interim.
- 1.3 That in connection with 1.2 above, the Director of Regeneration and Growth be authorised to procure and appoint architects via an industry framework utilising identified capital budget prior to receipt of grant.



- 1.4 That in connection with 1.2 above, the Director of Borough Economy be authorised to take all the necessary steps to appoint the project team utilising identified capital budget prior to receipt of gran.
- 1.5 That the Head of Human Resources be authorised to provide exemptions for recruitment processes as necessary to ensure avoidance of project delays.
- 1.6 That the Director of Borough Economy be authorised to finalise and enter into a Memorandum of Understanding with the Department for Levelling Up, Housing and Communities.
- 1.7 That the Director of Borough Economy be authorised to agree to the terms of the Levelling Up Funds Local Authority Assurance Framework provided by the Department for Levelling Up, Housing and Communities.
- 1.8 That the Director of Borough Economy be authorised to formally accept the grant awarded (£20,000,000) by Department for Levelling Up, Housing and Communities and all associated grant terms.

2 Reasons for Recommendations

- 2.1 (Ref 1.1) Cabinet previously agreed partnership funding contribution of up to £8,000,000 for four Sandwell Levelling Up Fund submissions. On the basis that only one bid was successful, the match funding required is now £2m for the Haden Hill project.
- 2.2 (Ref 1.1) Partnership funding is required to deliver the Haden Hill Leisure Centre programme as project costs exceed £20,000,000 awarded by the Department for Levelling Up, Housing and Communities (DLUHC).
- 2.3 (Ref 1.1) Indicative project costs set out within the bid submission were £23,700,000. It is possible that as design phases are progressed through RIBA stages 2, 3 and 4 that the final project cost may change.

The LUF application proposed the £23.7m be funded as follows:

- £20,000,000 LUF
- £2,000,000 SMBC
- £1,700,000 Sport England – speculative application



The proposed application for Sport England funding presents a number of challenges:

- Sport England currently have no capital funding scheme at this scale
- Sport England funding may be considered “government” funding, which (when added to the £20m from LUF) may have subsidy control implications
- Sport England funding would require designing the building in accordance with Sport England design guidance. This design guidance can lead to cost increases – which on a project of this scale could exceed £1.7m (this aspect will be explored further in design development as outlined below).

It may be possible to value engineer the project to within the £22m funding currently available – particularly if non-Sport England design standards are considered. Any reductions in scope – particularly any that may impact on project outcomes – would need to be agreed with DLUHC.

Officers will develop scenarios to test options relating to the £1.7m funding gap. These scenarios will also help identify potential mitigation for the risk of cost inflation.

- 2.4 (Ref 1.1) A final total project cost will be identified on the conclusion of design phase RIBA stage 4.
- 2.5 (Ref 1.2) A full Strategic Investment Unit (SIU) Financial Appraisal is required for this project which is expected to be completed by the end of April 2023.
- 2.6 (Ref 1.2) In advance of the completion of the SIU appraisal critical project work is required to be undertaken to ensure project milestones are met and to avoid delays.
- 2.7 (Ref 1.2) This includes appointment of architects to develop the final design and project cost and appointment of project support team. Therefore, budget is required in advance of SIU appraisal and full cabinet approval.
- 2.8 (Ref 1.3) Appointment of external architects is required to advance the project designs and finalise the total project cost. This is the first critical milestone identified.



- 2.9 (Ref 1.4) Appointment of a project manager and support team is required to ensure the Council has the necessary capacity in the following areas to deliver the project;
- Project Manager
 - Project Support
 - Finance Support
 - Procurement Support
- 2.10 (Ref 1.4) Appointment of the project team is the second identified priority milestone to avoid any project delays.
- 2.11 (Ref 1.4) Budget has been allocated as part of the grant award (i.e. within the award of £20,000,000) of up to £338,000 for project support and the appointment of a project team.
- 2.12 (Ref 1.5) On completion of a project Risk Register officers shall advise cabinet potential spend areas against the contingency budget.
- 2.13 (Ref 1.6) The appointment of the project team is on the critical path for the programme therefore in the event that delays could be incurred exemptions may be required to expedite the process.
- 2.14 (Ref 1.6) The target deadline for appointment of the project team is 1st May 2023, with interim arrangements including secondment opportunities being explored.
- 2.15 (Ref 1.7) The Memorandum of Understanding (MOU) issued by DLUHC sets out the terms, principles and practices that will apply to the working relationship between the Council and DLUHC. This includes the following elements;
- Purpose of Funding
 - Financial Arrangements
 - Duration and Review Point
 - Branding and Communication
 - Monitoring and Evaluation
 - Assurance
 - Changes to Approved Application
 - Compliance with MOU
 - Changes to MOU
 - Resolution of Disputes







- Legal Enforcement



The MOU template provided by DLUHC for completion and agreement is attached / enclosed (appendix 1).

- 2.16 (Ref 1.8) The Levelling Up Fund Local Authority Assurance Framework (appendix 2) provides information to grant recipients, setting out the requirements for the Levelling Up fund.
- 2.17 (Ref 1.8) The Assurance Framework establishes a common approach to how DLUHC will assure the funds in scope and sets out accountability. It also provides confidence to DLUHC that funds are being utilised in accordance with the agreed terms.
- 2.18 (Ref 1.9) The Council has received formal notification from DLUHC in relation to the successful outcome of the Haden Hill Leisure Centre bid submission (the Outcome Letter received on 19th January 2023 – appendix 3).
- 2.19 (Ref 1.9) DLUHC have advised that officials will make contact with the Council by the beginning of March 2023 to discuss the next steps in the process, including the grant acceptance and award process.
- 2.20 (Ref 1.9) The Assurance Framework and MOU were reviewed and agreed in principle by the Council’s SIU prior to the submission of the bid.

3 How does this deliver objectives of the Corporate Plan?

	The Best Start in Life for Children and Young People
	People Live Well and Age Well The replacement of Haden Hill Leisure Centre in Rowley Regis will ensure the long-term provision of a sustainable leisure offer for the local community, support residents to become and remain physically active.
	Strong Resilient Communities
	Quality Homes in Thriving Neighbourhoods



	A Strong and Inclusive Economy
	A Connected and Accessible Sandwell

4 Context and Key Issues

4.1 At the Cabinet meeting on 22 June 2022, the recommendation to submit a bid to LUF for a replacement for Haden Hill Leisure Centre was approved. The strategic case for this project is set out below.

4.2 **Haden Hill Leisure, Rowley Regis - Strategic Case Summary**
 Consultation and engagement have informed the identification of the proposed site for investment and supported the development of the facilities mix proposed.

The proposed facility mix included;

- Main 6 lane pool (25 x 12.5m)
- Learner pool (13 x 10m)
- Wet change village
- Sports hall (4 court)
- Gym (100 station)
- Spin studio (27 station)
- Dance studios (x2)
- Sauna and Steam Room
- Dry change
- Reception/office
- Café

The proposal for Haden Hill Leisure is to provide new leisure facilities on the existing site following demolition and site clearance of the existing facility.

Haden Hill Leisure Centre is 46 years old, there is a requirement to replace the facility to ensure the long-term sustainability of sport and leisure provision in Rowley Regis. Failure to replace this facility would



compromise the Council's ability to meet the demand for sport and leisure facilities in the Rowley Regis area, especially in terms of swimming pool and sports hall provision. Maintenance costs associated with the facility identify that maintenance costs have increased significantly since 2015/2016 due to the worsening condition of the facility.

In summer 2017, SMBC commissioned a leisure consultancy to undertake a community consultation exercise to explore the sustainability of sport and leisure across Sandwell. Haden Hill Leisure Centre was included in the consultation, identified as an ageing facility. Further engagement was undertaken in Summer 2019 to support future prioritisation and investment decisions across SMBC's leisure portfolio.

In 2019, 26% of respondents outlined Haden Hill as their second-best used leisure facility behind Smethwick Swimming Centre. Despite high usage of the centre, survey respondents overwhelmingly identified cleanliness as the issue of primary importance for users of leisure centres within the Borough. Respondents also identified the provision of high-quality facilities as one of the most important factors in determining usage of a centre. Consultation has evidenced the need to respond to concerns about existing provision whilst also ensuring that the community is provided with the high-quality facilities which are sought.

Notably, consultation responses indicated that women from Black Minority and Ethnic (BME) communities were discouraged from using the swimming pool at this venue due to its openness and lack of privacy. In response to feedback received, the proposals will ensure the creation of a facility which is suitable for use by all members of the community, supporting SMBC's commitment to the creation of inclusive public spaces. Poor accessibility of Haden Hill Leisure Centre has also been identified as a priority concern. Currently, there is no lift provision and access for disabled users is limited. Access to upper floors, including the centres sole sports hall is provided externally, making the centre challenging to navigate for disabled users and potentially excluding this group from using the facility.



A Mapping exercise has been undertaken to identify key stakeholders and community representatives which helped to identify how best to engage with each group and formed the basis of the ongoing engagement work which will be undertaken throughout the LUF determination period and through to delivery should the bid be successful.

SMBC has recently identified some significant development opportunities and are seeking to implement a management option that enables the Council to develop its services further, in a more efficient and effective way with greater health benefits for our local communities.

The Council and its partners have invested significantly in leisure facilities in Sandwell in recent years resulting in brand new facilities in Tipton Leisure Centre (2013), Wednesbury Leisure Centre (2015), Portway Lifestyle Centre (2013), West Bromwich Leisure Centre (2014) and perhaps most pertinently Sandwell Aquatics Centre in Smethwick (due to open summer 2023). This reflects the Councils commitment and level of priority it pays to local leisure services and the commitment to ensuring that facilities are operated in the best way possible for the benefit of the communities.

4.3 Next Steps

Architects to be appointed to develop and finalise the overall project plan and cost. Officers will bring recommendations to cabinet in July / August 2023 in relation to planning, closure, demolition and appointment of contractors.

5 Alternative Options

- 5.1 That the original project scope be reduced to address the current funding gap if further partnership funding cannot be secured.



6 Implications

Resources:	<p>The proposal commits the Council to 10% partnership funding, with £2m currently agreed.</p> <p>The facility will close for a period of up to 2 years whilst demolition and building work takes place.</p> <p>There may be implications on staff who will need to be redeployed to other leisure sites within the portfolio whilst the facility is closed.</p>
Legal and Governance:	<p>The Council will be committed to the grant terms and conditions as set out by DLUHC.</p> <p>Planning permission will be required for both demolition and construction works.</p>
Risk:	<p>There will be a loss of service provision once the facility closes during which time customers could seek alternative provision outside of Sandwell. Strategies will be developed to ensure the customer base returns and to signpost customers to other Sandwell facilities.</p> <p>A full, detailed project risk register shall be developed once the project team is established.</p>
Equality:	<p>An EIA will be produced by the project team and presented to cabinet for approval.</p>
Health and Wellbeing:	<p>A new, sustainable leisure facility will ensure the long term provision of Sport and Physical Activity opportunities in Sandwell. This will also support the financial sustainability of the Council's leisure service overall, ensuring efficient and effective operation.</p>
Social Value:	<p>There will be opportunities for local employment and procurement of local traders.</p> <p>Improved leisure provision will also support addressing local health inequalities supporting the reduction of the burden on local health services.</p>
Climate Change:	<p>A new, modern building shall provide improved efficiencies in relation to a reduction in carbon footprint.</p>



7. Appendices

Appendix 1: DLUHC MOU Template

Appendix 2: Levelling Up Funds LA Assurance Framework

Appendix 3: HHLC LUF OutcomeLetter_DLUHC_19Jan23

8. Background Papers

List source/background documents

