

Report to Cabinet

5 February 2025

Subject:	Haden Hill Leisure Centre Rebuild – Levelling Up Fund (LUF)
Cabinet Member:	Cabinet Member for Neighbourhoods & Community Cllr. Suzanne Hartwell
Director:	Executive Director for Place Alan Lunt
Key Decision:	Yes Project value £24M
Contact Officer:	Ben Percival - Assistant Director for Contracts, Projects, Strategy & Policy ben_percival@sandwell.gov.uk Nicola Leavy - Principal Officer for Sport & Leisure nicola_leavy@sandwell.gov.uk

1 Recommendations

For the reasons set out in the report, it is recommended that Cabinet:-

- 1.1 endorse the new design for the rebuild of Haden Hill Leisure Centre within the financial envelope available;
- 1.2 delegate authority to the Executive Director for Place in consultation with the Executive Director for Finance and Transformation to enter into the construction contract, subject to an affordable cost plan at RIBA Stage 4;
- 1.3 delegate authority to the Executive Director for Place, in consultation with the Assistant Director of Legal and Assurance to sign legal agreements and contracts associated with the delivery of the replacement of Haden Hill Leisure Centre.

2 Reasons for Recommendations

- 2.1 The previous preferred option for Haden Hill Leisure Centre (Cabinet October 2023 Minute: 127/23) has been reviewed by the design team and a significant cost pressure has been identified.
- 2.2 Following a review of the design an alternative option has been identified that reverts the scheme to a complete rebuild which continues to deliver all the outputs from the LUF scheme and within the available funding.

3 How does this deliver objectives of the Council Plan?

Thriving Economy in Sandwell	The replacement of Haden Hill Leisure Centre in Rowley Regis will provide opportunities for local spend and job creation.
Healthy in Sandwell	The replacement of Haden Hill Leisure Centre in Rowley Regis will ensure the long-term provision of a sustainable leisure off for the local community, support residents to become and remain physically active.

4 Context and Key Issues

4.1 Successful Bid to LUF and approvals

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. Due to the time constraints associated with the LUF process, Mott MacDonald were engaged to develop the project and application.

4.2 The LUF2 application assessed the capital project cost at £23.7m to be funded as follows:

- £20,000,000 LUF
- £2,000,000 SMBC
- £1,700,000 Sport England – (£2m subsequently awarded March 2024)

4.3 On 19 January 2023, the Council received notification that the bid to LUF to secure £20m of funding to build a new facility at Haden Hill had been successful. As part of the application, the Council agreed to provide £2m of match funding.

4.4 Following the successful LUF2 funding award the Council's Urban Design and Building Services team (UDBS) reassessed the project costs, conscious of high inflation in the construction market. The revised project estimate was £30m (total project cost, inclusive of fees etc.).

- 4.5 Roberts Limbrick Architects had been engaged by the Council to take the project to initial concept design. Following a series of meetings including Sport England, officers and architects developed options to manage the project within the available budget.
- 4.6 At the Cabinet meeting on 18 October 2023, officers recommended an option of part rebuild, part refurbishment. Cabinet approved that approval be given to Option 1 - the part rebuild and part refurbishment – (rebuild wet facilities, refurbish the dry) of Haden Hill Leisure Centre. (Cabinet October 2023 Minute: 127/23)
- 4.7 Appointment of contractor via framework to RIBA Stage 3
After consideration by the Principal Lead for UDBS, it was agreed that the tight project timescales required procurement through a compliant Framework. The framework suppliers for leisure builds accessible by the Council were Construction West Midlands, UK Leisure (Alliance Leisure), and SCAPE. Upon review it was determined that the UK Leisure Framework was the most suitable, as it offered the greatest selection of contractors with experience in building wet/dry leisure facilities and/or previous successful collaborations with the Council.
- 4.8 Following the appointment of Alliance Leisure for this initial phase of work, a 'mini competition' was held where an Invitation to Tender was issued directly to all the contractors on their framework. Interviews were held with 3 contractors on 17 January 2024, and bids were evaluated. ISG were appointed as main contractor and Axiom project managers and joined the project Design Team. The contract with ISG included gateway reviews at both RIBA 3 and at RIBA 4 and work could be halted at any time with only accrued/actual cost to be paid.
- 4.9 With the agreement of the constituency MP, (as required for LUF projects) a Project Adjustment Request (PAR) was presented to DLUHC to amend the LUF project to reflect a part-rebuild and part-refurbishment scheme and to extend the funding to 31 March 2026. The PAR was approved 19 February 2024.
- 4.10 An application to Sport England for the scheme was submitted. On 18 March 2024, Sport England offered funding of £2m. This was more than the £1.7m initially profiled and increased the overall project budget to £24m.

4.11 Financial Implications - Capital Funding

Following their appointment ISG re-assessed the project cost plan, based on detailed assessment of the design, their supply chain and experience of similar projects. Their assessment of the cost plan suggested a significant cost pressure driven by a number of factors:

- The rebuild / refurbishment option led to a larger / inefficient footprint approximately 5,038m²
- Refurbishment and restrictions of current layout led to high ceiling heights and high costs for external elevations, cladding etc.
- Substantial risk allowance given the age of the building to be retained.

4.12 Given the cost increase, the Design Team explored other options to identify areas where savings could be made within the build element.

4.13 As the cost pressure was largely driven by the restrictions of the refurbishment element, reverting to a new build scheme with a more efficient floorplan was the key focus. Through a number of iterations, a more compact, efficient building layout was evolved that managed to retain all the key elements and requirements of LUF and Sport England within a reduced footprint of 3,933m². RIBA Stage 3 was expected to be completed, along with a draft cost plan by the end of September 2024 with a finalised cost plan by mid-October 2024.

4.14 Reverting to a completely new build scheme has a number of advantages:

- Reduced maintenance liability – no retention of 50-year-old building elements
- An optimised building layout – based on customer flow rather than accommodating existing structures
- A compact and efficient building design
- Reduced construction risk – a clean demolition and build rather than building around and integrating into retained building elements.

4.15 The only design compromise proposed is the omission of the health spa provision (sauna, steam). The omission allows the footprint to be optimised and the health spa element is not key to LUF, Sport England nor the revenue business case (the provision at the previous HHLC only attracted around 200 visits per week). Alternative steam / sauna facilities are available at a number of the other sites – most notably at Sandwell Aquatics Centre.

4.16 MHCLG have agreed that reverting to the new build is within delegated parameters and that the project could proceed without any further change request process.

4.17 ISG Administration

On 23 September 2024, the Council was informed that ISG had gone into administration. While the administration was unwelcome, it was not catastrophic as ISG were not yet on site the project remained recoverable via a replacement contractor. Furthermore, because procurement had been via a framework, the Council was not in a direct contractual relationship with ISG.

4.18 Following the announcement, Alliance Leisure conducted a stocktake of the project, including assessing the completeness of designs and surveys.

4.19 Alliance Leisure subsequently agreed to complete RIBA Stage 3 for the agreed contract sum with no risk-transfer to the Council. Alliance Leisure re-engaged their design team to appoint a new contractor to complete Stage 3. Their preferred contractor from the Framework was Speller Metcalfe, who could mobilise immediately and deliver the work within the original cost for completion.

4.20 Speller Metcalfe subsequently joined the design team and collaborated with the appointed architects and consultants to complete RIBA Stage 3, as well as updated programme and cost plan. The RIBA Stage 3 report and cost plan were received on 23 December 2024.

4.21 A planning application for the revised rebuild scheme was submitted on 17 December 2024.

4.22 The project programme remains under development. The current draft programme estimates a construction start on site in November 2025 with the final handover in May 2027.

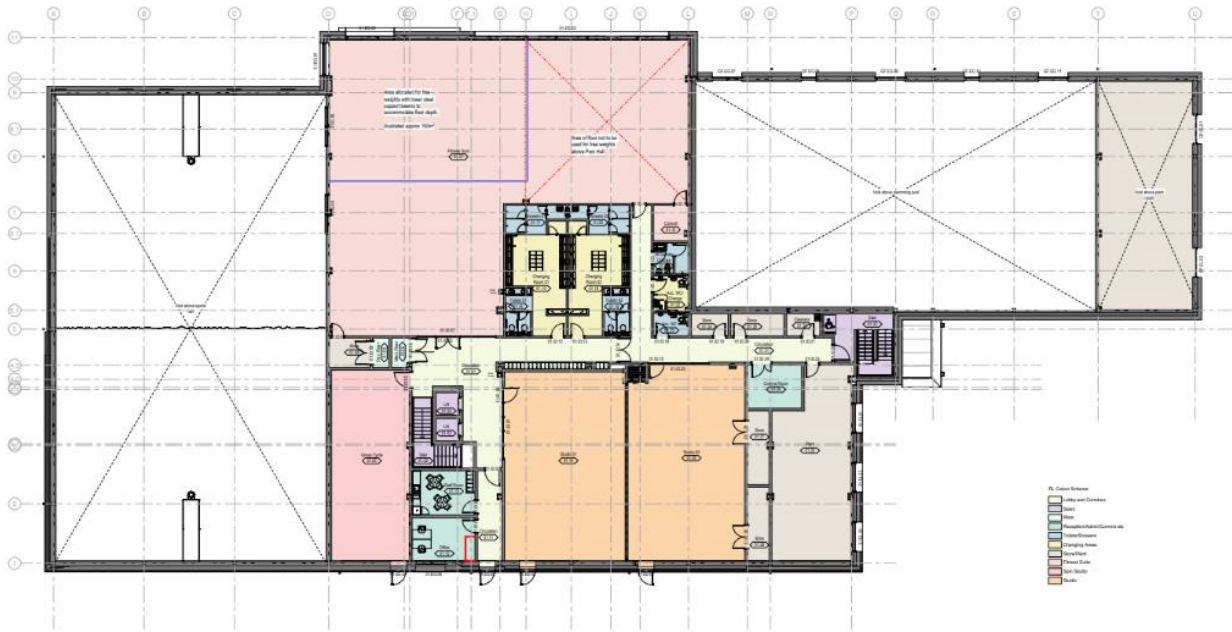
4.23 Analysis of the cost plan is ongoing. Cost-certainty will only be achieved when the project reaches RIBA 4 design stage.

5 Alternative Options

5.1 Investigative work could be conducted to determine whether the current facility could be refurbished and reopened; however, there is a clear need to replace the facility to ensure the long-term sustainability of sport and leisure provision in Rowley Regis. Failing to replace the facility would compromise the Council's ability to meet the demand for sport and leisure facilities in the area, particularly for swimming pool and sports hall provision.

6 Implications

Resources:	<p>The scheme re-commits the Council to £2m partnership funding.</p> <p>The facility will remain closed for a further period of up to 3.5 years whilst demolition and building work takes place.</p> <p>The business case for the new centre indicates that it will operate at a revenue surplus.</p>
Legal and Governance:	<p>The Council is committed to the grant terms and conditions as set out by MHCLG.</p> <p>Planning permission will be required for any demolition and construction works. This was submitted and validated on 17 December 2024.</p>
Risk:	<p>There has been a loss of service provision since the facility closed during which time customers could seek alternative provision outside of Sandwell. Strategies have been developed to ensure the customer base returns and to signpost customers to other Sandwell facilities.</p> <p>The project maintains a full risk register.</p>
Equality:	<p>There are no equality implications to this report.</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>
Corporate Parenting:	<p>There are no corporate parenting implications to this report.</p>



First Floor

Appendix 2 – Proposed CGI

