

DECISION-MAKER:	Cabinet
SUBJECT:	Outdoor Sports Centre Improvement Programme
DATE OF DECISION:	6th February 2024
REPORT OF:	Councillor Kataria Cabinet Member for Communities and Leisure

<u>CONTACT DETAILS</u>			
Executive Director	Title	Exec. Director for Place	
	Name:	Adam Wilkinson	Tel: 023 8254 5853
	E-mail	adam.wilkinson@southampton.gov.uk	
Author:	Title	Project Manager	
	Name:	Richard Jarvis	Tel: 023 8083 2729
	E-mail	richard.jarvis@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
<p>Appendix 2 contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to confidential sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.</p>	
BRIEF SUMMARY	
<p>The purpose of this report is to seek Cabinet approval of the Outdoor Sports Centre (OSC) scheme as described in this report (Appendix 1) and to provide delegated powers to the Executive Director for Place following consultation with the Cabinet Member for Communities and Leisure, Executive Director or Corporate Services (S151 Officer) and Head of Corporate Estate and Assets to approve the final details of the scheme. Members are also asked to note the project background and the latest status update and to note and agree the proposed way forward and the outline timescales.</p>	
RECOMMENDATIONS:	
	<p>(i) To approve the updated scheme design as outlined in Appendix 1.</p>
	<p>(ii) To approve that the Executive Director for Place following consultation with the Cabinet Member for Communities and Leisure is given delegated powers to make any further amendments to the scheme.</p>
	<p>(iii) Approval to delegate authority to the Head of Corporate Estate and Assets to authorise variations within the project budget envelope during design and construction periods as needed.</p>

	(iv)	Approval to delegate authority to the Head of Corporate Estate and Assets to authorise submission of any further necessary planning applications for the scheme following consultation with the Cabinet Member for Communities and Leisure.
	(v)	Approval to delegate authority to the Head of Corporate Estate and Assets to authorise placement of any statutory orders to enable the project to progress in line with the project programme operating within the approved budget.
	(vi)	Approval to delegate authority to the Head of Corporate Estate and Assets to carry out actions necessary to enable decisions required for the delivery to the project timescales and budget.
	(vii)	To note that spend approval will form part of the Capital Programme budget paper planned to be reported to Council on 21 st February 2024.

REASONS FOR REPORT RECOMMENDATIONS

1.	<p>The purpose of this report is to seek approval to implement the Outdoor Sports Centre scheme design in line with Appendix 1. Appendix 1 represents a revised design to that which was presented for public consultation, the planning application and approved by Cabinet on the 7th February 2022. The designs and facility mix which were included in the planning application were informed by the consultation process in autumn 2021. The process resulted in a wide range of general feedback which has continued to be useful as design has developed, along with specific ongoing consultation with clubs. The proposed changes from the planning permission now proposed do not diverge significantly from the original Masterplan of facilities proposed in the public consultation. Included within Appendix 1 are the outline changes to the design since the last approval. This scheme has been designed to RIBA stage 3 and is now able to progress to the next stage of detailed design. This scheme has secured £20m in external funding from the Levelling Up Fund (LUF) and £4m from the Football Foundation towards the scheme, totalling £30.085m. This report sets out the programme for delivery of the project. There has been ongoing engagement with relevant national governing bodies and local sporting organisation during the scheme's development.</p>
----	--

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	<p><u>Option 1 No action/Stop project</u> – The condition of the OSC will continue to deteriorate and the external funding options currently available to Southampton City Council (SCC) are unlikely to be available in the future. All the benefits of improved facilities in terms of numbers of people participating and the health and social benefits associated would not be realised. There would also be negative revenue implications resulting from a reduction in use and maintenance cost increases which are likely to be reflected at retender stage for the leisure management contract. Furthermore, there is a risk that the Council would suffer reputational damage from grant awarding organisations if the existing funding opportunities were not progressed and accepted.</p>
----	---

3.	<p><u>Option 2 Minimal action (continue to undertake minor repairs in line with the existing leisure management contractor's contractual obligations)</u> – The approach to the OSC over the past 20 years has been to undertake minor repairs combined with a reliance on lifecycle fund expenditure by the Council's current leisure management contractor, Places for People Ltd (PfP), in line with their contractual obligations. This option would not take advantage of the external funding that has been secured. This would have a significant implication on the opportunity for increasing participation and there would also be revenue implications with reduction in use and maintenance cost increases which is likely to be reflected at retender stage for a future leisure management contract. Furthermore, there is a risk that the Council would suffer reputational damage from the grant award organisations if the funding opportunities were not progressed and accepted.</p>
4.	<p><u>Option 3 Progress design based upon LUF Funding only and decline Football Foundation Grant</u> – This approach will result in the loss of the Artificial Grass football pitches and associated facilities that are also receiving funding from this grant including upgrades to the parking and hub building. This would have a significant implication on the opportunity for increasing participation together with the potential for revenue generation opportunity that this project creates. There is risk of not delivering to the LUF obligations and could result in the risk of the grant being reduced. The project would also not meet the aspirations outlined in the public consultation.</p>
DETAIL (Including consultation carried out)	
5.	<p>The need to invest in improvements at the OSC has been recognised for a number of years. Following a feasibility study funded jointly by the Council and the Football Foundation, a Draft Masterplan of Improvements was agreed by stakeholders, to include the following:</p> <ul style="list-style-type: none"> • New 'hub' offering changing facilities, gym, café and three new indoor tennis and netball courts. • New artificial grass football pitches. • Improvements to the hockey pitches. • Improvements to the snow sports centre including a new ski lodge. • Transformational use of the north of the site with a new 'family zone' providing an outdoor gym, skatepark, children's play area and more. • New enlarged grandstand and clubhouse for events and officials at the athletics track. • Changes and improvements to cricket pitches. • Improvements to cycling provision across the site. • New additional car parking. • General improvements throughout the site (e.g., paths, seating, lighting, environmental suggestions).

6.	<p>An extensive 12-week public consultation process was concluded on 31st October 2021. The consultation was based on the Draft Masterplan of Improvements, this followed previous consultations and ongoing dialogue with stakeholders and key clubs and potential funding partners. To summarise the Draft Masterplan of Improvements, that formed the content of the Public Consultation the level of support for each of the key areas was as follows:</p> <table border="1" data-bbox="555 465 1300 987"> <thead> <tr> <th></th> <th>Agree / strongly agree</th> <th>Disagree / strongly disagree</th> </tr> </thead> <tbody> <tr> <td>OSC Overall</td> <td>93%</td> <td>3%</td> </tr> <tr> <td>Site improvements</td> <td>96%</td> <td>1%</td> </tr> <tr> <td>The new 'Hub'</td> <td>95%</td> <td>3%</td> </tr> <tr> <td>Family Zone</td> <td>93%</td> <td>3%</td> </tr> <tr> <td>New snow sports facilities</td> <td>92%</td> <td>3%</td> </tr> <tr> <td>Athletics</td> <td>91%</td> <td>3%</td> </tr> <tr> <td>Cycling provision</td> <td>91%</td> <td>3%</td> </tr> <tr> <td>The tennis and netball court</td> <td>90%</td> <td>5%</td> </tr> <tr> <td>The hockey pitches</td> <td>88%</td> <td>3%</td> </tr> <tr> <td>The football pitches</td> <td>79%</td> <td>12%</td> </tr> <tr> <td>Car parking</td> <td>78%</td> <td>11%</td> </tr> <tr> <td>Cricket provision</td> <td>72%</td> <td>10%</td> </tr> </tbody> </table>		Agree / strongly agree	Disagree / strongly disagree	OSC Overall	93%	3%	Site improvements	96%	1%	The new 'Hub'	95%	3%	Family Zone	93%	3%	New snow sports facilities	92%	3%	Athletics	91%	3%	Cycling provision	91%	3%	The tennis and netball court	90%	5%	The hockey pitches	88%	3%	The football pitches	79%	12%	Car parking	78%	11%	Cricket provision	72%	10%
	Agree / strongly agree	Disagree / strongly disagree																																						
OSC Overall	93%	3%																																						
Site improvements	96%	1%																																						
The new 'Hub'	95%	3%																																						
Family Zone	93%	3%																																						
New snow sports facilities	92%	3%																																						
Athletics	91%	3%																																						
Cycling provision	91%	3%																																						
The tennis and netball court	90%	5%																																						
The hockey pitches	88%	3%																																						
The football pitches	79%	12%																																						
Car parking	78%	11%																																						
Cricket provision	72%	10%																																						
7.	<p>The main message throughout the consultation was positive, with all proposals agreed upon by a high proportion of respondents. Overall support for the project through the consultation was very high - 97% of respondents agreed that they would like to see improvements at the OSC and 93% agreed with the proposals put forward overall. Having a high number of responses to the consultation (2,545 total) also highlighted the level of public interest in the project.</p>																																							
8.	<p>On the 7th February 2022, Cabinet approved the consultation and the proposed scope of works. This scope of works was developed and submitted as part of the planning application. The scheme received planning approval on the 7th August 2023. An outline of the scheme which was approved is included in Appendix 1.</p>																																							
9.	<p>Following entering into the Pre-construction Service Agreement and repricing of the successful planning approved scheme, it was identified that the scope of works was forecast to cost more than the budget available, see Appendix 2. The increase costs have originated from market fluctuations across the construction industry and at this design stage there are allowances for the risk of continual increases. Furthermore, there have been additional items as part of the planning process which were not envisaged at the time of costing prior to submission for example, additional ducting to all car parking spaces to future proof the site, increase substation costs and Section 106 contribution (£1.3m).</p>																																							
10.	<p>To address this forecast cost position the Project Team embarked on a value engineering (VE) exercise with the aim of bringing the scheme back within the budget, whilst maintaining scope.</p>																																							

	<p>The most significant VE changes include hub building efficiency resulting in building size reduction, reduction of number of cover courts, change to alpine lodge design, relocation of the learner slope and changes to material selection. Further detail is included in Appendix 1. The implications of omission of 1no. covered court have been the subject of ongoing engagement with relevant stakeholders.</p> <p>At the end of RIBA Stage 3 the project is currently estimated to be £1.17m over the budget allowance based upon area cost rates. The Project Team need to progress the next design stage (RIBA Stage 4 Technical design), market engagement and tendering exercise (detailed costing) on an approved design including developed design specification to address this position. VE savings/scope reductions have been identified should further savings be required at the end of the tender period, to ensure the project stays within budget. These are outlined in Appendix 2 and also included are options which have been explored and discounted at this stage.</p>
11.	<p>There has been engagement with the Planning Officer, Urban Designer and other Planning Consultees to develop the VE proposals. The planning requirements are being developed and the nature of the application will be determined on the basis of the finalised design and agreement with the Planning Officer prior to submission. This could result in a planning consultation process; however, this has been agreed as only limited to the areas of the scheme that have been adjusted and not the full scheme for example the hub building and alpine building. The Project Team have endeavoured to mitigate planning risks by extensive engagement through the VE development process. The Project Team are still able to progress with discharging the pre-commencement conditions whilst the next design stage is being undertaken. Certain elements of the scope can be progressed, e.g., the Artificial grass pitches and the hockey lighting improvements can still be progressed as two examples.</p>
12.	<p>The option recommended is to progress with the full VE scheme as outlined in Appendix 1 to allow the design process to be completed and tendering to allow a contract sum to be provided. The Project Team has progressed with engagement of key stakeholders and associated planning applications. The Project Team have worked with key all key stakeholders including local sporting clubs and national governing bodies for each of the sports for acceptance to the proposals to develop design in line with the financial challenges.</p>
13.	<p>TIMESCALES:</p> <p>The project has successfully delivered the Phase 1 element of the OSC project – the Bike Park. The operation of the Bike Park has been reintegrated into the existing leisure management contract with PfP (subcontracted to Active Nation). The upgraded bike park works included re-designed routes for differing skills levels to allow for cycling progression and development. The improvements to the bike park have been popular and it is well used facility.</p>

14.	<p>If the Council is to benefit from the opportunity of funding from the Football Foundation and LUF, then there is a need to move forward with a programme at pace. The programme requires timely approvals and sign off process. The milestones of the project are outlined below:</p> <ul style="list-style-type: none"> • Feb 2024 <ul style="list-style-type: none"> ○ Cabinet scheme approval ○ Council spend approval as part of the budget papers • March 2024 <ul style="list-style-type: none"> ○ Submission of the family zone and design changes planning application • Summer/autumn 2024 <ul style="list-style-type: none"> ○ Conclusion of the PCSA period, RIBA Stage 4 design and main contract execution. ○ Commence main works on site. • Spring/Winter2025 <ul style="list-style-type: none"> ○ Completion with the start of a phased handover.
15.	<p>The programme has been affected by the LUF announcement delay and subsequent detailed enquires required by Department of Levelling Up, Housing and Communities (DLUHC) and confirmation of the successful application to enable the project to progress with Contractor engagement. In addition, the VE process has taken time to develop and agree design and solutions ensuring that all key stakeholders are involved.</p>
16.	<p>The OSC is operated under the terms of the Council's main leisure contract with PfP and an associated lease and sub-lease to Active Nation. The Council will need to put in place a formal licence agreement with PfP and Active Nation to access areas within the boundaries of the OSC in order to undertake the works. Assuming that the improvement plan proceeds, the terms of the leisure contract with PfP are being renegotiated and agreed in order to take account of the disruption through the works phases and the financial and operational impact of the new facilities. This work is being led by the Council's Supplier Management Services.</p>
17.	<p>A communication strategy document has been developed for the project. There has been regular and extensive engagement with Users and Clubs based at the Outdoor Sports Centre and the Operator on both design development and project progress. Once the scheme approval and financial approval is achieved, it is proposed to convene more formally an Outdoor Sports Centre User Group. This initially can be facilitated by the project team, and it is proposed that this becomes an overarching Group of key Clubs at OSC, which supports (and delivers) an Outdoor Sports Centre Development Plan. This will assist in maximising the impact and outcomes from the project and provide ongoing consultation with the operator. This Group will also be a requirement of the funding from the Football Foundation and inform ongoing reporting to LUF once the project is delivered. In tandem, during the project, progress updates will be delivered, including regular bulletins</p>

	for broader users, and once progressing on site, updates on the project will be via Morgan Sindall and a project microsite. It is proposed to commence these initiatives following Council approval in February 2024.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
18.	In terms of overall project spend, the spend profile for the project identifies a larger portion of LUF spend earlier in the project in order to achieve spend requirements as set out in the LUF memorandum of understanding (MOU) document. This has been discussed with LUF and has been included in Monitoring and Reporting returns to the DLUHC. To note, LUF expect spend of full £20.00m by March 2025, therefore approval to progress the design into Stage 4 is essential.
19.	The project has approval to spend £3.18M to enter into the pre-construction services agreement (PCSA) and complete planning approval; approved as part of February 2023 budget report. The project will be seeking approval of the remaining balance of £26.97M in the February/March 2024 Council budget paper. To date, £2.3m of LUF funding has been received and the remaining funding will be received based upon project progress and spend.
20.	The additional £60,000 grant from LUF has been given for accelerating the programme and it is planned to use this sum for the fees associated with the value engineering exercise to keep the project progressing.
21.	The project is part funded by grants and contributions from funding partners. Commitments from funding partners are conditional upon the Council's commitment to the delivery of the project. These commitments have been incorporated into the draft Business Case.
22.	The nature of the redevelopment of the OSC site will require facilities to be closed for periods. The phasing strategy has been developed with engagement with PfP and their subcontractor Active Nation) to minimise disruption and revenue costs where possible. PfP and Active Nation have a duty to mitigate the costs relating to the closure of facilities with reductions in energy consumption and associated costs etc. Under the terms of the leisure management contract, PfP will be entitled to financial compensation resulting from closure/restriction of usage of facilities for periods of time and may result in revenue pressures on the Council to cover these costs. The revenue implications owing to the closures and benefits due to the improvements are estimated and are included in the draft Business Case. Revenue implications are being worked through and will be reported to Council as part of the 2024 budget paper.
23.	As a result of the redevelopment of the OSC, as well as significant income increases, there will be additional operational and maintenance responsibilities. Subject to the agreement of a 3-year extension to the existing leisure management contract under broadly existing terms, the operation of the OSC is due to be retendered sometime during 2027 and 2028, and the costs arising from the retender are currently unknown. Furthermore, the maintenance of the facilities will increase owing to enhancement of the facilities. The intention is that the additional costs will be offset by the additional income and will have a positive impact on the council's revenue position.

<u>Property/Other</u>	
24.	All of the properties at the OSC are owned by the Council. The leisure management contract, which includes repairs and maintenance responsibilities, has been in place since 2010 and is due to conclude in 2025, with provision for an extension to August 2028, subject to the Council reaching acceptable commercial agreement with PfP. Grounds maintenance activities are undertaken by the Council and will continue to be so following redevelopment. It is proposed to dispose of the 'White House' which falls within the lease area of the leisure management Contract to assist with the cost of the scheme.
25.	The project management is being provided by consultants working within the Corporate Estates and Assets Division of the Council.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
26.	The statutory power for undertaking the works that are the subject of the report i.e., the Council has various statutory powers under the various Public Health Acts 1875-1890, Public Health Act 1890-1961 and Local Government Acts 1972-1976 to both provide and maintain public recreation facilities. Furthermore, subject to certain prohibitions which are not applicable here, section 1(1) of the Localism Act 2011 gives local authorities the power to do anything that individuals may do.
27.	The LUF MOU has been signed and reporting to DLUHC has been ongoing throughout the project to date. The Football Foundation grant terms and conditions are being reviewed by the Council's legal and key departments across SCC, and amendments have been proposed to the Football Foundation for acceptance.
<u>Other Legal Implications:</u>	
28.	A draft ESIA document has been prepared as part of the project governance and will continue to be updated as the project develops. The current version is attached as Appendix 3.
RISK MANAGEMENT IMPLICATIONS	
29.	There is a risk that the project does not receive scheme and/or budget approval to spend the requirements from LUF and programme cannot be achieved in line with MOU requirements. Additionally, further draw down on the LUF funding is based upon project progress and anticipated progress. If the scheme was aborted, this would result in costs to date of c£2M, being charged to revenue, which is unbudgeted for.
30.	There is a risk if the scheme does not progress the Stage 4 design, the £4m of Football Foundation funding will be lost. Furthermore, if the Football Foundation funding is not accepted by the Council, £4m of funding will not be taken forward and will impact of the final scheme and revenue generation opportunities. The Council needs to ensure that all stages of this project are supported/delivered to provide confidence to the funding partners.
31.	In the past 24 months the impacts of several issues have been severe on the construction market. Cost increases vary across trades and materials, primarily due to a lack of availability caused by global supply problems as

	a result of COVID-19, BREXIT and geo-political issues. As a result, there is a risk that prices may continue to increase and/or fluctuate in excess of estimates if approval is not provided. Furthermore, the successful contractor for the construction period may be unable to fix prices for items with long lead in times. The cost forecasts and the programme can be developed further with the continuing engagement of the Design Team and contractors under respective PCSAs.
32.	The design has had to be amended owing the previous scheme being unaffordable within the budget, therefore there is a risk that the amended design proposals are not accepted by Cabinet and the project is not enabled to progress into Stage 4. The risk is that the scheme will not be delivered on time and to budget.
33.	The new design proposals will require applications to Planning. The extent of the applications i.e., Minor amendment will only be applicable to the updated aspects of the scheme, there will be a ringfenced statutory consultation process. To avoid programme implications, it is envisaged Planning matters will continue alongside the Stage 4 technical design during this period. The risk is that if the Stage 4 design is not progressed concurrently to the planning application there will be significant programme delays and impact on the requirement of the LUF MOU contract.
34.	There is a risk that should the OSC improvements not be progressed, public perception and commitment to the delivery of the wider OSC improvements could cause reputational damage.
35.	There is a risk that further savings will be required to be taken to reduce the scope of the project to delivery within the budget. These options are listed in Appendix 2.
36.	The project has a detailed risk register which is kept regularly updated and reviewed. In this register we are tracking current risks surrounding the ground conditions and we are awaiting survey results; however, risks will remain until all ground works are completed. Furthermore, we are tracking a risk with the substation delivery to site, and we are working with the supplier and awaiting approval of the scheme prior to placement of orders. The project team have secured the offsite improvements required via Scottish Southern Electric.
POLICY FRAMEWORK IMPLICATIONS	
37.	The delivery of the improvement is based on the Council's Corporate Plan 2022-2030 addressing strong Foundations for Life. In addition, there are documents that are not yet approved as policy which are relevant which includes the Playing Pitch Strategy and the current Strategic Options Planning Model work with Sport England will contribute to strategic direction for Southampton City.
38.	The Project also supports the Corporate Plan 2022-203 SCC's own Green City Plan 2030 Strategy, Transport 'Connected Southampton Implementation Plan 2022-2025', Transport 'Connected Southampton 2040 Strategy' and Cycling Strategy 2017-2027. In addition, supports the Southampton Health and Wellbeing Strategy (2017-2025), legacy from 2022 UEFA Women's European Football Championships and key

	outcomes to provide inclusive access to sport and recreational activities across the City.
--	--

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	Coxford and Bassett
<u>SUPPORTING DOCUMENTATION</u> As listed below:	
Appendices	
1.	OSC – Updated Scheme Information
2.	OSC – Financial Breakdown (Commercially Confidential)
3.	OSC – Equality and Safety Impact Assessment (ESIA)

Documents In Members’ Rooms

1.	
2.	

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out. Appendix 2	Yes/No
--	---------------

Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out. A DPIA was carried out as part of the WT Partnership engagement	Yes/No
---	---------------

Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	