

AGENDA ITEM: 6

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Meeting	Special Cabinet Resources Committee
Date	28 July 2005
Subject	Hendon Leisure Centre – Capital Investment Programme
Report of	Cabinet Member for Culture, Community Engagement and HR
Summary	This report proposes a variation to the original Capital investment programme by Greenwich Leisure Limited.

Officer Contributors	Andy Hatvani, Acting Leisure Services Manager
Status (public or exempt)	Public
Wards affected	Golders Green
Enclosures	Appendix A - Risk Assessment Appendix B - Greenwich Leisure Limited's financial proposals.
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	

Contact for further information: Andy Hatvani 020 8359 7840

1 RECOMMENDATIONS

- 1.1 That, in a variation to the previous decision taken on 9 September 2002 the Council agree to Greenwich Leisure Limited reducing its capital investment at Hendon Leisure Centre by £150,000 subject to the Borough Treasurer verifying the loss sustained by the Council's partner as a result of the delay. The current capital investment for the project being £750,000 signed on 26 June 2002.

2 RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Report 9 September 2002 resolved that Greenwich Leisure Limited was accepted as Council's preferred partner to manage and operate the Borough's leisure facilities identified in the Recreation and Parks Best Value Review (2001). Capital investment was identified at the time as being £3,450,000.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 This Council is committed to Putting the Community First and by working in partnership and securing capital investment into Hendon Leisure Centre the Leisure Service is supporting two corporate plan targets, to improve the standard of leisure facilities and to promote healthy lifestyles and participation in healthy activity.
- 3.3 Improving the standard of the facilities currently used the community and by schools will support and add value to the Council's priority to provide a first class education service.

4 RISK MANAGEMENT ISSUES

- 4.1 These are attached as Appendix A.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 Greenwich Leisure Limited propose that their initial submission of £750,000 be reduced to £600,000 to take account of the unexpected delay in the opening of the Wellness facilities at the Finchley Lido Leisure Centre in 2004.
- 5.2 There are not enough funds in the current Leisure Service budget to cover the amount of £150,00 being requested by Greenwich Leisure Limited should the Council not consider the reduction in their capital programme

6 LEGAL ISSUES

- 6.1 These have been included in the main body of the report.

7. CONSTITUTIONAL POWERS

- 7.1 Constitution, Part 3 - Responsibility for Functions, Section 3 - Powers of the Executive, paragraph 3.6 - terms of reference of the Cabinet Resources Committee.

8. BACKGROUND INFORMATION

- 8.1 There was a delay in starting the planned refurbishment of the Finchley Lido because of an unexpected Landlord and Tenant issue. This resulted in Greenwich Leisure Limited not being able to commence their proposed work until the legal issues were resolved.
- 8.2 The delay at Finchley Lido cost Greenwich Leisure Limited £151,225 in lost profit.
- 8.3 The current Leisure service revenue budget is not sufficient to compensate Greenwich Leisure Limited for the loss.
- 8.4 The alternative is to reduce the capital spend by an equivalent amount.
- 8.5 The proposed refurbishment of the Hendon Leisure Centre will be:

Ground Floor

Removal of current weights facility.
Creation of Health and Fitness Changing Rooms
Refurbishment of the sports changing rooms
Creation of a sales area (behind reception)
Crèche provision (2 hour drop)
Reception redesign
Office and staff room reconfiguration
Creation of an enrolment point for courses and clubs
Creation of a party room

1st Floor

Dance Studio and Wellness centre similar to those already provided for at Cophall Leisure Centre, Finchley Lido Leisure Centre and Barnet Burnt Oak Leisure Centre.

- 8.6 Although the refurbishment will result in a net loss of approximately 160 square metres of increased floor space from the original project specification, the overall effect will be to create a 60 station fitness centre as well as retaining the main 5 badminton court sports hall, specialist gymnastics hall and climbing room.
- 8.7 It is very likely that the Hendon Leisure Centre will be completely redeveloped within the Cricklewood and Eastern Lands scheme in the future.

9. LIST OF BACKGROUND PAPERS

- 9.1 None.

BS: DVP
BT: MG

Leisure Service: Future Investment at Hendon Leisure Centre

Ref	Risk	Early Warning Mechanisms / Mitigating Actions	Residual Risk (H, M, L)		Further action proposed (including timetable and officers responsible)
			Likelihood	Impact	
1	Financial – Requesting that Greenwich Leisure Limited invest £750,000 into the project as per contract rather than the figure of £600,000 as mentioned in the report.	<p>Leisure Services would be expected to make provision to increase its management fee by £150,000 to cover the delay in the opening of the Wellness suite at Finchley Lido Leisure centre.</p> <p>Leisure Services are not in a position to increase its management fee.</p> <p>Proposals contained in main body of report to reduce capital input.</p>	H	H	Leisure Services to monitor capital project accordingly by an appropriate service officer.

Title: <u>Finchley Lido Capital Investment – Implications of Delay</u>	
Lead Officer: David Behagg	Requested by: Chris Symons
Date: 20/01/04	VERSION - INTERIM

1. Introduction

It is necessary to identify the revenue cost implications of a delay in the Finchley Lido capital investment of 1 month, 3 months or 6 months.

2. Cost of Potential Delays

2.1 Delay of Capital Development

The table below shows the respective costs of the different lengths of delay are shown below

	Full Mature Year	1 Month Delay	3 Month Delay	6 Month Delay
New Income	£ 586,496	£ 48,875	£ 146,624	£ 293,248
New Rev Exp	-£ 264,254	-£ 22,021	-£ 66,064	-£ 132,127
Existing Income	-£ 63,000	-£ 5,250	-£ 15,750	-£ 31,500
TOTAL COST	£ 259,242	£ 21,604	£ 64,811	£ 129,621

Appendix 1 shows the investment savings schedule taken from the GLL partnership proposal submitted prior to the award of the LBB contract. The source cells for the Full Mature Year Column (above) are highlighted yellow.

2.2 Re-scheduling of work

There would be a further cost should either the 6 week pool closure or the subsequent 12 week fit out of the new development coincide with the school summer holidays. Other than this there is little variation in revenue cost associated with the timing of the work, with regard to the current centre programme.

3. Impact on Service

3.1 The view of GLL operations department is that it would be acceptable to close the pool during the Easter Holidays, as this would mean 2 weeks less closure during term time, which would be of equal value.

3.2 The view of GLL operations department is that all work, including the internal fit out must be completed by the School Summer Holidays. If this is not possible, then work should commence after the summer holidays.