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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 20TH MAY, 2025

SUPPLEMENTARY AGENDA

Please find attached supplementary papers relating to the above meeting, as follows:

Agenda No	Item
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| 7. | <u>DECARBONISATION OF LEISURE CENTRES CONTRACT AWARD</u>
(Pages 3 - 6) |
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REPORT OF THE DIRECTOR – ENVIRONMENT

This report seeks to update Cabinet on progress on the leisure decarbonisation project, including latest financial implications and seeks approval to award the construction contract to Willmott Dixon Construction Ltd (WDC).

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Item No	Referred from:	Overview and Scrutiny Committee
6A	Date:	06 May 2025
	Title of item:	Decarbonisation of Leisure Centres Contract Award Update
To be considered alongside agenda item:		Item 7

The report considered by Overview and Scrutiny Committee at the meeting held on 6 May 2025 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 6th May, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: That Overview and Scrutiny noted the report and provided comment to Cabinet on the report.

REASON FOR RECOMMENDATIONS: To enable Overview and Scrutiny the opportunity to scrutinise the progress to date of the leisure decarbonisation project, including spend to date and anticipated increases in capital budget expenditure, as well as loss of revenue implications, prior to the contract award decision being considered by Cabinet on 20 May 2025.

Audio Recording – 2 minutes 21 seconds

Councillor Mick Debenham, as Executive Member for Environment, Leisure and Green Spaces, presented the report entitled 'Decarbonisation of Leisure Centres Contract Award Update' and highlighted that:

- In 2024 the Council was awarded a £7.74 million of grant funding for decarbonisation, to be used at the leisure centres in Royston, Hitchin and Letchworth.
- Added to the decarbonisation works were an extension to the gym and change village refurbishment at Royston and a new change village at North Herts Leisure Centre (NHLC).
- In March 2025 Wilmot Dixon Construction (WDC) submitted a provisional Contract sum of £15.895 million, which was being negotiated by the quantity surveyor for the Council, Varsity Consulting (VC).
- The final figure for the construction would be presented to the Cabinet meeting on the 20 May, where a decision on awarding the construction contract would be considered.
- Due to conditions of the grant funding, early equipment orders were placed meaning the project had already spent £6.709 million.
- As part of the works there would need to be closures at the leisure centres which would unfortunately cause disruption to customers and the Council would need to cover the revenue impact and this had been valued at approximately £900K by Everyone Active (EA).
- This figure could change depending on improvements in the programme of works, for example redeploying staff to the outdoor swimming pools or construction taking less time than predicted.
- Cabinet would be asked to consider an extension of the outdoor pool opening until the end of October at the meeting on the 20 May, after that meeting the full plan would be finalised.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Louise Peace
- Councillor Elizabeth Dennis
- Councillor Martin Prescott
- Councillor Jon Clayden
- Councillor Claire Winchester
- Councillor Laura Williams
- Councillor Matt Barnes
- Councillor Donna Wright

In response to questions, Councillor Mick Debenham advised that:

- The potential cost implications at the start of the project were lower, however due to unforeseen circumstances, the structure at Hitchin created a health and safety risk, and therefore while work was carried out on the roof a period of partial closure would be required, which accounted for a significant increase in the loss of revenue.
- Hitchin works had to be delayed due to a bat survey, therefore could not start in the summer 2025.
- Membership would not be charged for the time of closures, and EA members would be able to visit other EA centres nationwide.
- Schools who currently used facilities affected would be contacted.
- The project was a design and build contract which transferred more risk onto the contractor. WDC was cognisant of the risks, having completed the first stage tender, therefore VC have advised 5% would be reasonable.
- The Council had spent the grant on equipment already, so the project should go ahead despite the increased costs. Failure to proceed would mean the Council would be required to store, and arrange disposal of, the already purchased equipment.

In response to questions, the Director - Environment advised that:

- At the commencement of the project the Council was not aware of the level of disruption that would be caused. Following the audit from WDC, it was agreed partial closure would be the safest option and the loss of revenue figures from EA had only recently been made available to the Council.
- The Council had communicated with EA and both would try and retain current customers during the disruption however all cases were individual and unpredictable.
- The figures provided by EA in regard to loss of revenue are standardised, for example, cost of loss of pool per day multiplied by predicted days of closure.
- EA had agreed to subtract the wage costs if staff were transferred to the outdoor pool and would be flexible if the £900K could be reduced.
- Within the contract there are some risks, if there is an issue with the design WDC which results in added cost then that cost is on them. The reason the surveyor is comfortable, all major risks have been drawn out like the Hitchin roof.
- The project had a risk register, a project board and weekly meetings with WDC and EA to negate further risk, the biggest risk had already been negated by securing the grant funding.
- The communication plan was not finalised but would be created by the Council in conjunction with WDC and EA, and the majority of communications would come from EA.
- The museum storage was not ready to be used for this project. However, we are using a Council owned building for some of the storage to reduce costs.
- A written response would be provided in regard to asbestos surveys of the buildings.

- The council is a pre-construction agreement with WDC and the final cost would be agreed on 20 May 2025. Once the construction contract was signed some of the risk would then be passed to WDC.
- This project used the SCAPE framework which was standard for this kind of procurement. All the Royal Institute of British Architects (RIBA) stages are done before construction contract is signed as standard.
- In regard to risk of additional closure, we are negotiating a clause that would be included in the contract so the project would be finished on time. However, certain things would be outside the control of WDC, for example weather conditions during construction.
- In the short term it would be cheaper to not do the project. However, due to the Net Zero target of the Council and the eventual cost of replacing the current heating system, in long term different without a Grant would be more expensive.
- The decarbonisation works must be completed by March 2026 to get the full grant funding.
- The programme of works was staggered, with Royston starting in July 2025, Letchworth in July 2025 and Hitchin in September 2025.
- There would be a small overlap between the closures of the Royston and Letchworth pools.

In response to questions, the Director - Resources advised that:

- The original budget was approximately £12.5 million.
- Funding for the revenue costs would come from the Councils General Fund Reserves and Council could make a decision to reduce spend in other areas but that would be part of the budget setting process.

In response to the questions Councillor Val Bryant gave a brief overview of the meeting on the 27 March 2025.

The Chair advised Members that there was a work programming session scheduled for Tuesday 13 May where planning for further Scrutiny of this project could be discussed and added to the Work Programme for the Committee.

Councillor Matt Barnes proposed, and Councillor Elizabeth Dennis seconded.

The following Members took part in the debate:

- Councillor Elizabeth Dennis
- Councillor Ralph Muncer
- Councillor Martin Prescott
- Councillor Louise Peace
- Councillor Laura Williams

The following points were raised as part of the debate:

- That Officers and Portfolio Holders were thanked for their hard work on this project.
- Concerns over the budget were acknowledged and potential future increases were raised.
- The Overview and Scrutiny Committee should continue to monitor the project.
- That the grant funding was crucial to the affordability of this project.
- The contract signed must be tight and protect taxpayers money as much as possible, without compromising safety.
- Communication must be done in all formats to involve all residents of the District.
- The contribution this action would make towards achieving the Net Zero target for the District by 2030 should be communication to residents.

Having been proposed and seconded, and following a vote, it was:

RESOLVED:

- 1) That Overview and Scrutiny noted the projected provisional increase in the capital budget to £16.166m.
- 2) That Overview and Scrutiny noted the current estimated one-off revenue impact of £900k in 2025/26 through loss of income, due to partial and full facility closures.

RECOMMENDED TO CABINET: That Overview and Scrutiny noted the report and provided comment to Cabinet on the report.

REASON FOR RECOMMENDATIONS: To enable Overview and Scrutiny the opportunity to scrutinise the progress to date of the leisure decarbonisation project, including spend to date and anticipated increases in capital budget expenditure, as well as loss of revenue implications, prior to the contract award decision being considered by Cabinet on 20 May 2025.