



Cabinet  
  
28<sup>th</sup> September 2016

Item  
  
Public

## Future Swimming Provision in Shrewsbury

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### 1. Summary

This report clarifies the recommendations made by Cabinet at its meeting on 13<sup>th</sup> July 2016 with respect to future swimming provision in Shrewsbury. In particular, the report recommends that the original seven pool options should be reduced to two locations, the Shrewsbury Sports Village and the Quarry site / town centre for the reasons set out in this report.

The recommendations further seek authority for officers to prepare a Full Business Case (FBC) for the Council's recommended preferred option, the Shrewsbury Sports Village, alongside any alternative business cases put forward by interested organisations who wish to retain swimming provision at the Quarry and / or any other town centre location. Any interested organisation may put forward an alternative business case.

The report sets out the detailed Terms of Reference, including the process for submitting business cases; the availability of and process for accessing information and the opportunity to ask questions and receive further information; the stages in the process and the indicative timetable for submitting business cases; the evaluation criteria; and the evaluation methodology.

Business cases will be evaluated against whether they meet the Council's minimum requirements referenced within the Terms of Reference for the pool to be sustainable and affordable; to meet the council's vision for future swimming provision in Shrewsbury; to respond to the council's draft sports facility strategy; and to provide social, environmental and economic benefits. For a business case to be compliant it will be required to meet these minimum requirements. All compliant business cases will be evaluated on a comparative basis.

The report confirms as previously agreed by Cabinet that all interested organisations who put forward a business case, including Shropshire Council, will have up to 12 months to prepare their business case. Following this it is recommended that a report is taken to Cabinet, informed by Council officer's evaluation, confirming the Council's preferred approach.

In accordance with best practice it is also recommended that there should be an interim stage and that interested organisations are provided with the opportunity to submit a Strategic Outline Business Case (SOBC). Council officers supported by their advisors will consider whether the interested organisation has met the initial

criteria laid out in the Terms of Reference and has provided a business justification for their SOBC. Any interested organisation which does not meet these criteria will be given an opportunity of addressing weaknesses or may choose to withdraw their interest.

After Cabinet approval of the preferred option, detailed feasibility and design work will be undertaken; a final decision on future swimming provision in Shrewsbury will then be subject to a Cabinet recommendation.

## **2. Recommendations**

That Cabinet confirms that:

- A. The Council's preferred location for improved swimming provision in Shrewsbury is the Shrewsbury Sports Village. This decision is based on the options appraisal which was reported in detail to Cabinet on the 13<sup>th</sup> July 2016.
- B. In view of the outcome of the public consultation and interest in the retention of a town centre location any interested organisations who wishes to do so, is given the opportunity of up to 12 months to develop alternative business case proposals to retain swimming provision at the Quarry or other town centre location.
- C. There should be an interim stage and that interested organisations are provided with the opportunity to submit a Strategic Outline Business Case. Any interested organisation which does not meet minimum criteria will be given an opportunity of addressing weaknesses or may choose to withdraw their interest.
- D. All Strategic Outline Business Cases and Full Business Cases, including the Council's Strategic Outline Business Case and Full Business Case for the Shrewsbury Sports Village, will be evaluated against the process, timetable, evaluation requirements and methodology set out within the Terms of Reference included as Appendix 1 on a comparative basis.
- E. A report on the outcome of the evaluation of all submitted Full Business Cases will be brought back to Cabinet in due course for a decision on the final preferred location. A decision on whether to go ahead with the replacement of the existing pool can be taken thereafter in light of the Council's Financial Strategy.
- F. The detailed implementation of all aspects of the recommendations made within the report is delegated to the Director of Place and Enterprise in consultation with the Portfolio Holder for Leisure, Libraries and Culture.

## REPORT

### 1.0 Risk Assessment and Opportunities Appraisal

A detailed risk framework has been prepared and is kept under regular review by the Project Board. A number of issues to the successful implementation of the project have been identified.

<b>Risk</b>	<b>Mitigation actions</b>
<p>Detrimental impact to the development of plans for new swimming provision resulting from lack of public and partner engagement and failure to communicate effectively</p>	<p>A five-month public consultation on pool options was carried out in 2015. There has been strong and regular engagement with and from a range of stakeholders including the Shrewsbury Business Improvement District, Quarry Swimming and Fitness Forum and Shrewsbury Town Council. Work on the development of options for future swimming provision have been frequently referenced within the local media resulting in strong local awareness and engagement. An opportunity is being provided to interested organisations to develop business cases that retain swimming provision at the existing Quarry or an alternative town centre location.</p>
<p>Changes to swimming provision fail to meet Disability Discrimination Act (“DDA”) and Equality Act and social inclusion requirements*</p> <p>[*Note: Existing swimming provision at the Quarry is not fully compliant with current legislation and best practice expectations]</p>	<p>A detailed Equality and Social Inclusion Impact Assessment (ESIIA) has been prepared by the Council and will continue to be kept under review alongside further detailed stakeholder engagement. Visit: <a href="http://new.shropshire.gov.uk/get-involved/swimming-provision-in-shrewsbury/">http://new.shropshire.gov.uk/get-involved/swimming-provision-in-shrewsbury/</a></p> <p>The Terms of Reference for the submission of business cases include a requirement for interested organisations to detail how their submission will take account of equality and disability considerations, meet current legislation and best practice expectations and the impact of their proposals on “protected groups”.</p>
<p>Submitted business case proposals do not meet the council’s key requirement for the recommended pool provision to be affordable and to support participation for at least 25 years from the completion of the project resulting in delay and consequent financial risk (see below).</p>	<p>The affordability of pool provision and its ability to support participation over the next 25 years was considered by the Council in the preparation of the extensive work which underpins the recommendation that the Shrewsbury Sports Village is the preferred option. All business cases will be expected to take into account the requirements published within the Terms of Reference. Any option which does not meet these requirements will not be considered compliant and will be recommended for rejection. To potentially reduce delay and to strengthen individual business cases an opportunity has</p>

	<p>been developed for interested organisations to put forward a SOBC to establish if the business case / cases is potentially viable and meets minimum requirements; feedback on business cases will be provided at this point.</p>
<p>Lack of clarity, transparency and probity in the development, evaluation and confirmation of third party and Council business cases in support of a preferred approach to future swimming provision in Shrewsbury results in challenge to the council's decision and delay (see below).</p>	<p>The Council is offering any interested organisation an opportunity to develop business cases that retain swimming at the Quarry or alternative town centre site.</p> <p>Terms of Reference setting out the process for submitting business cases, a timetable and the evaluation requirements and methodology have been developed and published.</p> <p>Two separate Council teams will be established, one to carry out the development of the Shrewsbury Sports Village option and the other to evaluate all submitted business cases.</p>
<p>Financial risks and costs resulting from extended uncertainty and delay to taking a final decision on future swimming provision including:</p> <ul style="list-style-type: none"> <li>• Pressures on budgets and therefore on discretionary services such as swimming are likely to increase and in the future the Council may not be able to afford to approve any option for swimming provision in Shrewsbury.</li> <li>• Building costs will increase compromising future affordability and the potential availability of funding.</li> <li>• Risk of catastrophic failure and / or significant building costs to the Quarry.</li> </ul>	<p>This project has already experienced delay and the continuation of uncertainty for a further 12 months will almost certainly impact on the affordability and feasibility of new pool options. This risk cannot, therefore, be wholly mitigated. The project is managed by a Project Board chaired by the Director of Place and Enterprise. A project plan alongside a risk management framework is kept under review.</p> <p>The Terms of Reference set out a transparent and fair process and mitigate the risk of any further delay in taking a decision after the end of the 12 months.</p>

## 2.0 Financial implications

Shropshire Council is projected to have an annual revenue funding shortfall of £77million by 2018/19, resulting in spending on services such as leisure, libraries, museums, public open spaces and support for youth activities facing significant cutbacks or in the worst case scenario closure.

Therefore, the key question, which the Council will need to consider when evaluating the business cases for future swimming in Shrewsbury is whether Shropshire Council will be able to support non-statutory swimming and leisure provision except to the extent that it is already contractually obliged to do so.

This report is written on the assumption that the Council would wish to support the continuing availability of public swimming in Shrewsbury for the benefit of the community, if at all possible, but that given financial constraints, that it must be provided and operated as efficiently and effectively as possible as identified below.

The current annual revenue budget for the Quarry Pool of £296,792, including a repair & maintenance budget of £30,000, has been identified as a possible saving requirement within the Shropshire Council Financial Strategy 2016-2019. Ideally options for future swimming provision in Shrewsbury should demonstrate and evidence how this cost can be eradicated (which is the preferred approach) or substantially reduced.

The proposed affordability requirements are set out within the Terms of Reference included in **Appendix 1**.

The decision on whether to go ahead with the replacement of the existing pool provision will be taken in due course in the light of the Council's financial strategy and forecast financial position at that time. The decision will need to be considered in the context of the:

- Impact of any potential capital investment on the revenue cost to Shropshire Council of the Quarry facility as set out in the current leisure contract to Shropshire Community Leisure Trust
- Potential impact on the overall revenue costs of this contract during the whole of the contract period
- Long term cost of the provision of the Council's leisure centres and the implications for the Council of proceeding with a replacement option

Reference: Shropshire Council's Financial Strategy, Cabinet, 13<sup>th</sup> July 2016  
<http://shropshire.gov.uk/committee-services/mgChooseDocPack.aspx?ID=3358>

To further develop the Council's business case for swimming provision at the Shrewsbury Sports Village, to assist with the evaluation of business cases and to carry out other associated matters relevant to progressing swimming provision in Shrewsbury it will be necessary to incur revenue expenditure on specialist advice. This cost will be incurred from within existing revenue budgets.

### **3.0 Background**

The Cabinet report of 13<sup>th</sup> July 2016 can be viewed on the Council's web site at:  
<http://shropshire.gov.uk/committee-services/mgChooseDocPack.aspx?ID=3358>

A range of relevant supporting material and reports can be viewed on the Council's web site at: <http://new.shropshire.gov.uk/get-involved/swimming-provision-in-shrewsbury/>

#### **3.1 Recap of the evaluation of different pool options**

The outcome of a detailed evaluation of seven short listed options was included in the Cabinet report of 13<sup>th</sup> July 2016. This identified that only 2 options achieved a score of over 600 –in first place the Shrewsbury Sports Village, and in second place the Quarry New Build. The evaluation recommended that the preferred and most viable option is the Shrewsbury Sports Village for the following reasons:

- It is the most affordable option and all other options are significantly less affordable based on a combination of the capital costs and the operational or revenue consequences in the short, medium and longer term.
- It provides the greatest opportunity to meet the Council's vision and priorities, in particular to sustain swimming provision for the next 25 years in a modern and efficient environment, and to develop complimentary public health, learning and community partnerships.
- The development of the Shrewsbury Sports Village will enable swimming to continue uninterrupted on the Quarry site whilst the new facility is being built whilst any redevelopment on the Quarry site may result in the closure of the existing facility for a minimum of 18 months.
- The full renovation of the Quarry is in theory capable of being delivered on a phased approach keeping some swimming provision open at all times, but in view of the factors set out below this may not be possible throughout the renovation process and there is the risk of unplanned closures.
- A decision to develop at the Quarry will require consideration of how alternative temporary swimming provision should be provided. There are options which would enable the delivery of this but these are costly and are likely to provide only limited swimming.
- The Quarry site is a challenging site due to its location adjacent to a Grade II listed park, on a narrow one-way street, and close to the flood plain. It is also a very tight site with restricted access, which means delivery of the rebuilding and renovation provision including all of the construction team's site traffic together with all recommended infra-structure for a re-build and a renovation will be difficult to achieve and it may not be possible to provide any or sufficient car parking during the build process even for people with disabilities, without even taking account of the requirement for family friendly car parking spaces adjacent to a ground floor reception. The former gives rise to an argument that the Council could be in breach of its equalities duties during the build process. There is also a risk that keeping some of the facility open may, in practice, be difficult, for example because of health and safety issues and unexpected asbestos issues both of which could delay the completion of the project and potentially add cost. There may be further difficulty including achieving the coach parking required to deliver school swimming or a minimum turning circle for this and other parking.
- The current Quarry facility is over a number of levels, which does not provide fully compliant access to people with disabilities. The nature of the site means that any new facility would also have to be built over a number of levels and this may impact on user flow throughout the building especially for people with disabilities. All of these difficulties will increase the build cost.
- The Shrewsbury College site is available, but unlike the Shrewsbury Sports Village and the Quarry it is not owned by the Council and there are operational issues to resolve prior to any development. The demolition of existing sports facilities would be required and the identification of recreational and curriculum needs and their re-location during facility development would need to be considered and provided. This may also mean an additional project cost.
- There was minimal public interest in the options to provide new provision at either Clayton Way or Ellesmere Road and these sites have been evaluated as being less advantageous than the other options.

Although the detailed evaluation within the 13<sup>th</sup> July 2016 Cabinet report supported the Shrewsbury Sports Village as the preferred option, it acknowledged that within the public consultation and subsequently there continues to be an overwhelming

preference to retain swimming provision at the Quarry, and that recently this has developed into an offer from interested parties to develop viable business cases in support of this approach (see section 3.4).

### **3.2 Summary of Cabinet recommendations 13<sup>th</sup> July 2016 and the implications of the decision**

At its meeting on 13<sup>th</sup> July 2016 Cabinet confirmed the following recommendations:

- A. That Cabinet is minded to confirm and approve in principle that in the absence of alternative proposals developed to retain swimming provision on the existing site in recommendation B, that the preferred location for the replacement of existing swimming provision (with new swimming provision) is the Shrewsbury Sports Village based upon the options appraisal evidenced within this report.
- B. That Cabinet would welcome all parties who wish to do so, including the Shrewsbury BID, Quarry Swimming and Fitness Forum and Shrewsbury Town Council are to be given an opportunity for up to 12 months to develop alternative proposals to retain swimming provision on the existing site. Any alternatives will need to meet the Council's key objectives referenced within the evaluation criteria described within this report, including for the pool to be affordable and to support participation in the future.
- C. That a further report is brought back to Cabinet on the proposed next steps and the detail including the timetable, process and terms of reference in relation to Recommendation B.

The decision of the 13<sup>th</sup> July 2016 means that the Council will not be able to decide which option is the preferred option in September 2017 as the only option(s) with a detailed and up-to-date business case will be the option(s) put forward by an interested organisation. The available information for the other original seven options will be less detailed and out of date by September 2017. In order to carry out a fair comparative process detailed business cases will need to be completed for all seven options between now and September 2017 so that they can be compared on an equal basis. The process of developing detailed business cases will be time consuming and costly.

There is a further risk that there may be new circumstances resulting in a recommendation for a further time consuming public consultation. This will not be known until the autumn of 2017.

It is, therefore, recommended that Cabinet decides upon the Council's preferred option for future swimming provision in Shrewsbury based on the information provided in July 2016. This has the following advantages:

- The Council can develop a business case for its preferred option, the Shrewsbury Sports Village, in parallel to the work being carried out by other interested organisations.
- The Council will be able to compare all submitted business cases in a similar way at the same time.
- It will reduce cost.
- There will be no further delay in taking a decision to proceed with a business case and thereafter to implement the preferred option.

- It is fairer to the third parties who are carrying out the work on business cases for the Quarry options or other town centre locations as the evaluation of all business cases will be based on equivalent up to date information.

It is therefore recommended that Cabinet should decide that the Shrewsbury Sports Village new build option (ranked first) is the Council's preferred option. This decision does not affect decision B of the Cabinet of July 13<sup>th</sup> and enables the Council to confirm that interested organisations should have the opportunity to develop business cases for the Quarry refurbishment, renovation and new build options (ranked respectively second, fourth and fifth) alongside alternative town centre locations.

### **3.3 Alternative options to the Shrewsbury Sports Village**

As identified, a number of interested organisations have shown an interest in the development of alternative business models that would support on-going swimming provision from the existing Quarry site. In particular, suggestions have been received from the Shrewsbury Business Improvement District and the Quarry Swimming & Fitness Forum in June and these were included in the Cabinet Report of 13<sup>th</sup> July 2016.

### **3.4 The current contractual arrangements with Shropshire Community Leisure Trust**

From 1<sup>st</sup> August 2012 the Council's leisure centres, including the Quarry Pool have been operated by the Shropshire Community Leisure Trust, with Serco Leisure Ltd acting as their managing agent. They are the operators under a 10-year contract which includes an opportunity for the Council to agree a 5-year extension. The contract and associated leases were entered into with the current operator following an open market competitive process carried out during 2011/2012. A subsequent Contract Variation enables the Council to vary the current arrangements to implement the approved option for future pool provision in Shrewsbury.

A brief explanatory note setting out the key contractual terms is included within **Appendix 2**.

### **3.5 Draft Sports Facility Strategy, 2016 - 2037**

The most recent Council Leisure Facilities strategy, was approved in 2009. It is out of date because of subsequent changes, both financial and from a local policy perspective. Consequently, the council has developed a new draft strategy which is out to public consultation until 30 September 2016. The strategy is based on the need to identify a future for leisure facilities that are affordable, sustainable, future proofed and that deliver value for money. Once the results of the consultation have been analysed the draft strategy will be considered by Cabinet before December 2016.

The vision for the strategy is "to deliver a network of modern, efficient and sustainable sports facilities in the county". Specifically, the strategy recommends that "the replacement of the Quarry swimming facility is developed on a site where there are existing leisure facilities to maximise participation and participative opportunities, optimise investment benefits and reduce overall expenditure".

Whilst the timing of the approval process for the new strategy is not ideal the final business cases ought in due course to be cognisant of the approved strategy and meanwhile they should take into account the current draft.



For further details visit: <http://new.shropshire.gov.uk/get-involved/draft-sports-facilities-strategy-2016-2037/>

#### 4.0 Updated Legal Advice

Updated legal advice is attached at **Appendix 2**. This has been prepared for Shropshire Council by its external legal advisors, Léonie Cowen & Associates. This is advice on the matters set out in this report and appendices. It is in addition to the advice provided to Cabinet of 13<sup>th</sup> July 2016.

#### 5.0 Next steps

An indicative timetable for the return and evaluation of SOBCs and FBCs is set out below.

<b>Milestone</b>	<b>Action</b>
28 Sept 2016	Cabinet approval of report and agreement of Terms of Reference for the development of business cases in support of new swimming provision in Shrewsbury
5 October 2016 – Noon 9 December 2016	Register an Expression of Interest by Interested Organisations
5 October 2016 – Noon 23 December 2016	Opportunity for Interested Organisations to raise questions and queries with the Council in support of their proposed SOBCs
5 October – 13 January 2017	Provision of information by the Council and response to questions and queries raised with respect to the SOBC
5 October 2016 - 30 June 2017	Opportunity for Interested Organisations to raise questions and queries with the Council in support of their proposed FBCs
5 October 2016 - 14 July 2017	Provision of information by the Council and response to questions and queries with respect to the FBC
Noon 27 January 2017	Return of SOBCs
27 January to 17 February 2017	Preliminary assessment of SOBCs carried out by officer team
17 February 2017	Feedback to Interested Organisations submitting a SOBC on whether officers consider they are likely to meet the identified minimum requirements; any Interested Organisation which does not meet minimum criteria will be given an opportunity of addressing weaknesses or may choose to withdraw their interest.
Noon 29 Sept 2017	Return of FBCs
29 September to 31 October 2017	Seek clarification and answers from Interested Organisations
29 September to 31 October 2017	Evaluation of FBCs by officer team and thereafter recommendations to Cabinet
December 2017 (to be	Approval of the preferred approach and the next steps by Cabinet

| confirmed) |

The advantage of this approach is that it provides an opportunity for early feedback to be provided to interested organisations on whether SOBCs meet the Council's minimum requirements. Based on this initial feedback interested organisations can either withdraw or seek to address the issues which have been identified.

This approach is also fairer to interested organisations who are having to self-fund and may therefore not want to spend funds on the development of a business case that may have little chance of success.

Once the Council has confirmed its preferred approach to future swimming provision within Shrewsbury it is anticipated that any required detailed feasibility and design work will be undertaken, with a final decision subject to a Cabinet recommendation considering the approaches' viability in the light of funding opportunities and the Council's financial strategy.

## **6.0 Development and Evaluation of Business Cases**

Detailed "Terms of Reference" for the development and evaluation of business cases are set out in **Appendix 1**. The Terms of Reference detail:

- The process for submitting a SOBC and FBC.
- The availability of and process for accessing information and the opportunity to ask questions and to receive further information.
- The stages in the process and the indicative timetable for submitting business cases.
- The evaluation criteria.
- The evaluation methodology.

The Council's objective in publishing these Terms of Reference is to conduct an open, fair and transparent comparative process which enables the Council to take a proper, considered and sound decision about what is its preferred approach for future swimming provision in Shrewsbury.

The evaluation of submitted business cases will be carried out in two stages:

- Preliminary assessment of SOBC
- Detailed evaluation of FBC

The Terms of Reference are based on the submission of business cases that meet certain minimum pool requirements:

- A. Sustainable and affordable swimming provision
- B. The Council's vision for future swimming provision in Shrewsbury
- C. Draft Sports Facility Strategy, 2016-2037 (and in due course the approved Strategy)
- D. Social, environmental and economic impact

No specific guidance is provided on the structure of business cases (an executive summary will be sufficient for SOBCs) but, as a minimum, interested organisations will be expected to provide the following:

- Details of the interested organisation's proposals
- Overview of the organisation / s who is putting forward the business case

- Summary of proposed management arrangements and any related legal considerations for the future management of the pool (the Business Operating Model) as appropriate
- Capital Investment Plan
- The revenue impact of proposals
- A cash flow statement
- An Implementation Plan including, if appropriate, a Transition Plan
- Risk Assessment

In determining which business cases will best meet the Council's requirements, business cases will be assessed on the basis of four broad questions:

1. Is the business case deliverable? Does it set out a legally sound delivery model (business operating model)? Does it address site constraints, planning considerations, etc.)? Does it provide a realistic implementation and transition plan? Is there a clear understanding of associated risks and mitigating actions?
2. Is the business case affordable and sustainable based on predicted throughput for 25 years?
3. Does the business case meet the Council's vision and strategy for swimming provision, and does it address Council priorities through its outcomes? Does it address considerations including Health and Safety, Equality Act, Disability Discrimination Act, etc.
4. Does the business case provide additional social, environmental and economic benefits and impact?

In carrying out the evaluation of submitted business cases the Council will form two teams:

- The "client" team, supported by advisors if necessary, will carry out the evaluation of submitted business cases
- The project development team, supported by advisors if necessary, will prepare the business case for the Shrewsbury Sports Village.

This will allow for impartiality and transparency and give the external bodies putting forward business cases the confidence of knowing that the Council will evaluate each business case in an equal manner.

## 7.0 Conclusions

Ultimately the decision on whether to go ahead with the replacement of the existing pool and which option is preferred will have to be taken in the light of Shropshire Council's financial strategy, assessing the impact of the decision not just on the current cost to the Council of the Quarry facility but also the impact on the wider costs of the Shropshire Community Leisure Trust contract as a whole and the long-term financial impact of investing in pool replacement.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Draft Sports Facility Strategy, 2016 – 2037

New pool for Shrewsbury, Cabinet, 30 July 2014

Shrewsbury Swimming and Fitness Options Report, Strategic Leisure, June 2015  
Shrewsbury Swimming Pool update, Environment & Services Scrutiny, 22 June 2015  
Shrewsbury Swimming Pool update, Environment & Services Scrutiny, 30 November 2015  
Shrewsbury Swimming Pool update, Environment & Services Scrutiny, 13 June 2016  
ESIA, April 2016  
New Swimming Pool for Shrewsbury, Cabinet, 13 July 2016

**Cabinet Member:**

Cllr Stuart West, Portfolio Holder for Leisure, Libraries and Culture

**Local Members:**

Cllr Andrew Bannerman, Cllr Peter Adams, Cllr Vernon Bushell, Cllr Ted Clarke, Cllr Anne Chebsey, Cllr Hannah Fraser, Cllr Miles Kenny, Cllr Jane Mackenzie, Cllr Peter Nutting, Cllr Alan Mosley, Cllr Pam Moseley, Cllr Nic Laurens, Cllr Kevin Pardy, Cllr Mal Price, Cllr Keith Roberts, Cllr John Tandy, Cllr Dean Carroll & Cllr Amy Leibich

**Appendices:**

Appendix 1: Terms of Reference for future swimming provision in Shrewsbury and the process and methodology for the evaluation of Business Cases  
Appendix 2: Legal advice