

**Appendix C and some background papers exempt under category 3 of part 1 of Schedule 12(A) to the Local Government Act 1972 as amended by Section 1 of the Local Authorities (Access to Information) (Variation) Order 2006**

**AGENDA ITEM NO 5**

**BRISTOL CITY COUNCIL  
CABINET**

**31 July 2008**

**Report of: Director of Culture and Leisure Services**

**Title: Hengrove Healthplex: Selection of Preferred Bidder and Authority to Enter into Contracts**

**Ward:Hengrove**

**Officer Presenting Report:** Richard Mond  
Department of Culture and Leisure Services

**Contact Telephone Number:** (0117) 922 3695

**RECOMMENDATION**

**To maintain progress in the swimming strategy by**

1. selecting Bristol Active Ltd as preferred bidder for the Hengrove Healthplex and associated car park and plaza, on the basis of their final tender
2. holding the consortium led by DC Leisure Management Ltd (DCLM) in reserve on the basis of their final tender in case final negotiations with Bristol Active cannot be brought to a successful conclusion
3. authorising any one or more of the Section 151 Officer, the Monitoring Officer and the Head of Paid Service, in consultation with the Executive Members for Culture and Healthy Communities and for Transformation and Resources, to
  - [a] conclude negotiations and enter into contracts with the preferred bidder
  - [b] approve the final terms of the project agreement to be entered into by the Council and Bristol Active
  - [c] approve the terms of a direct agreement to be entered into by the Council with National Australia Bank or such other financier as they may approve

[d] approve, sign and issue certificates in accordance with the Local Government (Contracts) Act 1997 in relation to the project agreement and direct agreement referred to above and to take such other steps in relation thereto as may be necessary or desirable

[e] approve and enter into all other project documentation including property leases and contracts for the construction of the car park and plaza which may be necessary and desirable to conclude the negotiations and achieve financial and contract close

[f] approve changes in the unitary charge before financial close as a result of movements in SWAP rates or other factors as set out in Appendix D which do not vitiate the selection of preferred bidder

[g] approve any exemptions to standing orders and financial regulations for the project documentation where the exemptions are necessary so that the documentation conforms to the requirements of Partnerships UK (PUK) and/or the specific requirements of the project, and

[h] implement operational arrangements in accordance with the business plan.

4. finalising a lottery grant application for support for the Healthplex project to Sport England for £1m and if successful, to accept the grant.

### **Summary**

Hengrove Healthplex is the working title for the proposed Hengrove Leisure Centre, which is the centre piece of the Swimming Strategy. The Council has received final tenders from two bidders for:-

- the design, build, funding and operation for 25 years of the Healthplex under the Private Finance Initiative (PFI)
- the design and build of the associated car park to be funded from capital, followed by operation for 25 years within the Leisure Centre PFI agreement
- the design and build of the associated plaza to be funded from capital; to be handed over to the Council for ongoing management.

The report recommends that Bristol Active Ltd is appointed as preferred bidder. A number of further steps are needed before the final contracts are in place and the facility can become operational, and the report recommends that authority is delegated to Chief Officers to make necessary arrangements and enter into contracts.

### **The significant issues in the report are:**

- this is a key step in the procurement of the Healthplex, which is one of the keystones of phase 1 in Hengrove Park and of regeneration work in South Bristol, and the most important facility in Bristol's swimming pool strategy

- both bids received met or exceeded the Council's main service, technical, financial and legal requirements.
- Bristol Active is recommended as Preferred Bidder on the basis of superior score in the evaluation model. Bristol Active is a Special Purpose Vehicle specifically incorporated by Parkwood Project Management to undertake the Hengrove Leisure PFI scheme. It will deliver the project via three main sub-contractors, Carillion Regional Building (construction), Parkwood Project Management (employer's agent, lifecycle fund management, and preventative and reactive maintenance) and Parkwood Leisure (leisure operational management). Parkwood Project Management will further subcontract planned preventative and reactive maintenance to Parkwood Leisure. The SPV's main funder (senior debt) is National Australia Bank. The SPV and its subcontractors have a range of specialist advisors including Bevan Brittan (legal), KPMG (financial), Hoare Lea (M&E engineers), White Young Green (sustainability), LA Architects (lead designer), Form Associates (landscape design), and Ramboll Whitby Bird (structural and civil engineers).
- there are several further steps to take before the contract can be finalised, including submission of a Final Business Case to Government and its acceptance, achieving planning consent, confirming a £1m grant from Sport England, and finalising commercial and legal terms with the preferred bidder.
- the terms of the bids submitted cannot normally be changed in the process of finalising the contract except at the level of "fine tuning and clarification", unless the proposed changes are ones that would not have impacted on the procurement process or decision.
- The contract to be agreed in January 2009 will commit the Council to a 25 year contract to procure the provision and operation of the Healthplex, and associated provisions. It includes complex arrangements to allocate commercial and other risks.
- the procurement process has been conducted on the basis of the proposals in the business case approved by Cabinet in September 2006, that Bishopsworth and Jubilee pools will close when the Healthplex opens, with staff currently working at these sites transferring to work at the Healthplex.

## **Policy**

1. The development of the Healthplex will contribute in several ways to the the Council's "Our City" priorities:
  - ambitious together: as the premier pools centre in the South West of England, the Healthplex demonstrates Bristol's ambition. It is

one of the major projects in the Council's corporate plan.

- making a difference: the Healthplex has already made a decisive difference to regeneration plans for Hengrove Park and of South Bristol generally, because it was the Council's commitment to developing a major sports facility and park at Hengrove which attracted the new South Bristol Community Hospital and the Skills Academy to locate here (both schemes have achieved planning consent and will start construction this year). The development of the Healthplex will complete the major public sector investment in phase 1 of Hengrove Park.
- Safer and healthier: the design and programming of the Healthplex will promote not only sports excellence but also community health, with strong links to the neighbouring hospital and to health promotion (with particular emphasis on narrowing health inequalities by attracting people who currently do not exercise enough and who come from disadvantaged groups). It is projected that the Healthplex will double swimming participation in South Bristol.
- Better neighbourhoods: it will provide an attractive freely accessible "healthy living zone" which together with the plaza and ultimately the wider parkland will make the Healthplex a community hub linking several currently separated communities (as the Hengrove play park has already successfully achieved for children and younger people).

## **Consultation**

### **Internal**

2. The tender evaluation process involved officers from Central Support Services, Planning, Transport and Sustainable Development, and Culture and Leisure Services, as well as specialist consultants. The Project Board which has agreed the recommendations comprises the Director of Culture and Leisure Services, the Head of Corporate Finance and Procurement and the Divisional Director Property and Finance.

The Quality of Life Scrutiny Commission considered the broader context of the business plan and its implications, but not the individual bids or the selection of preferred bidder, at its meeting on 14 July 2008. The Commission resolved to urge Cabinet to select a Preferred Bidder at its meeting on 31 July.

### **External**

3. Previous stages in the development of this project were subject to extensive external consultation.

In reaching the decision to call for final tenders, there was consultation with the Department of Culture, Media and Sport and with Partnerships UK and the 4Ps, both of whom advise government on the degree to which detailed proposals negotiated with bidders comply with government requirements for PFI projects; confirmation was received prior to calling for final tenders that the negotiated positions did not include any unacceptable terms.

The Council's client brief, and bidders' proposals, were influenced by external stakeholders including Sport England, the Amateur Swimming Association (ASA) and the Bristol Primary Care Trust (PCT).

As is normal in procurement decisions, there was no external consultation on the selection of preferred bidder as the bids are commercially confidential. However there has been stakeholder and external consultation on the principle of moving forward with the project, which included the implications for the existing pools. This included:

- the Council's current leisure provider SLM, as some of their staff will transfer to the Healthplex; and with those staff and their TU representatives
- the Hengrove Forum
- swimming clubs and organisations
- existing pool users and general public in South Bristol, via a pamphlet distributed at Jubilee, Bishopsworth and Bristol South pools and Whitchurch leisure centre.

The comments received in this consultation were positive and supportive of the plans for the new facility. Eight members of the public wrote in response; of these, all supported the Healthplex, but one wanted Jubilee to remain open until replaced by a new pool at Redcatch Park, and two mistakenly understood Bristol South to be at risk of closure and expressed concern over this.

Existing staff due to transfer were positive about the prospect. Their Trade Union, Unite, wrote to urge that the transfer should be under the Workforce Code of Practice and that there should be continued access to the Local Government Pension Scheme.

## **Context**

4. South Bristol is the Council's priority for regeneration. The wards around Hengrove in particular have high levels of disadvantage and deprivation. Filwood, Hartcliffe and Whitchurch Park all contain areas in the 2% most deprived areas nationally (on the Department of Communities and Local

Government's Index of Multiple Deprivation). Educational attainment and health inequality are particularly problematic, with high levels of obesity and poor diet. Environmental quality is also low, with a shortage of high quality public open space and buildings. Hengrove Park is the largest development area in South Bristol and is vital in building momentum, and institutional and business confidence in the district. There is now good progress in developing Phase 1 of Hengrove Park, with infrastructure, the Skills Academy and the Hospital all due to start construction this year. Public sector investment in Phase 1 will be completed with the Healthplex project. All these public facilities have catchments covering South Bristol and beyond; consequently the infrastructure project will deliver good access by public transport, car, bicycle and on foot.

5. The Council's Swimming Pool strategy was initially agreed in 2002. In the course of its implementation there have been some modifications to the original proposals. The current position is:
- new pools have been constructed at Horfield leisure centre and Henbury school. Easton pool has been refurbished. Together these replace old pools which have closed at Shirehampton, Henbury, Bristol North, Speedwell and Filwood
  - participation in swimming, which had previously been falling, has increased by 16% since these changes were implemented.
  - a new operator (SLM) is in place to manage Horfield, Henbury and Easton under a 10 year arrangement which includes maintenance responsibilities, and to manage Bishopsworth, Jubilee and Bristol South under short term contracts with the Council responsible for maintenance
  - The outstanding elements of the current strategy are:
    - construction and opening of the Healthplex and concurrent closure of Bishopsworth and Jubilee pools, as set out in the Cabinet report of 28 September 2006. This was a modification of the initial strategy which envisaged parallel operation of all three facilities while demand and capacity could be evaluated. It was justified by the need for certainty under PFI procurement, the increase in pool capacity which the Healthplex would bring and to contain costs, including by avoiding redundancies.
    - refurbishment of Bristol South pool. The pool is to remain open and incremental improvements are to be made pending capital availability for a full refurbishment
    - if in future there is sufficient demand, an additional pool can be considered for South East Bristol: the strategy identifies a site by Redcatch Park for this option.

6. A review and update of the demand and supply model and business case underpinning this strategy has been undertaken, and is reported in Appendix A. It confirms that the Healthplex and Bristol South pools can satisfy demand in the short and medium term, including increases which are likely to follow the government's welcome Free Swimming initiative which is due to operate from 2009.
7. The original Pools Strategy envisaged conventional procurement of the Healthplex at a capital cost of circa £20m. However the Council took the opportunity to bid under the Private Finance Initiative (PFI) in 2004, and was allocated £29.68m PFI credits in August 2005. Cabinet approved the Outline Business Case (OBC) on 28 September 2006, since when procurement has been under way for a partner to design, build, provide capital finance and operate the facility over a 25 year term. The business case included a grant contribution of £1m, which has received indicative support but not final approval from Sport England.
8. Cabinet's approval of the OBC in September 2006 triggered the development of a full scale procurement project, described in Appendix B. The OBC identified the following key requirements:

**Design** - to include

- 8 lane 50 x 21metre pool with two moveable booms and a moveable floor section
- combined leisure and learner pool with moveable floor
- hot tub and sauna
- 4 court sports hall
- 100 station gym
- 1 aerobics studio
- Healthy Living Zone (642 sq m)
- changing and ancillary facilities
- crèche

**Build** the facility

**Fund** the capital costs of the facility (cost to be recovered via monthly Unitary Charge payments over the life of the contract, which also covers deficit on operation and maintenance, profit etc).

**Operate and Maintain the facility** for 25 years including leisure management, day to day and lifecycle maintenance.

The following priorities for enhancements were identified if these could be provided within the affordability limit:

- enhanced main pool - 50m x 25m, 10 lane in size
- additional aerobics studio
- enhanced healthy living zone

9. This procurement includes two non-PFI additional facilities: the car park and the plaza. These are included in the evaluation, and the recommendation of a preferred bidder is for these as well as the main Healthplex.

#### Car park

The initial plan for Phase 1 of Hengrove Park envisaged a large ground level car park shared between the hospital and the leisure centre. The different timetables of these projects and their need for external funding approval at various stages made it necessary to separate them. Single decked car parks were specified to reduce land take (freeing up land for development) and to improve urban design. Construction and management were included in the Healthplex procurement to reduce risks for the bidders and the Council. Therefore the bids include design, construction and ongoing management and maintenance of the car park for the duration of the main PFI contract. Its construction will be capital funded by the Council but subsequent management will be funded via the PFI Unitary Charge.

#### Plaza

The plaza will be an important public space linking the hospital to the Healthplex, and Phase 1 to the future park in Phase 2. Bidders were asked to design and construct it in order to reduce programme complexity and risk, and to ensure good design coordination with their buildings. Its construction will be capital funded by the Council; it will be handed over to the Council for maintenance and management.

10. A full evaluation has been completed for the two final bids received, attached at Appendix C (exempt for commercial confidentiality). Both bids met or exceeded the Council's main design, service, financial and legal requirements. Bristol Active achieved a superior evaluation score and accordingly is recommended as Preferred Bidder. Their bid gives a small saving compared to the affordability limit and includes the following enhancements to the council's core requirements:

- 10 lane, 50 x 25 metre main pool with two raising booms and two lifting floor plates
- additional aerobics and spinning studios
- larger healthy living zone/atrium



- climbing wall
- 150 station fitness suite (council requirement was 100 station)
- a biomass boiler, in addition to a gas powered combined heat and power (CHP) boiler.

11. Subject to Cabinet's decision, the Preferred Bidder will submit a formal planning application in mid August, following pre-application public consultation. This date will allow the scheme to go to South and East Planning Committee on 29 October 2008. Financial close for the PFI is programmed for the end of January 2009, with construction starting at the end of March and the Healthplex opening in September 2010.
12. The project is supported by Sport England, with an anticipated funding total of £1m. Sport England have been actively involved in the development of the project. A final application will be submitted to Sport England when the preferred bidder has been selected.

### **Proposals**

13. The proposals are set out at the front of this report as recommendations to Cabinet. The following paragraphs explore the other options considered and rejected.

### **Other Options Considered**

14. Alternative 1 is select DCLM as preferred bidder instead of Bristol Active who was evaluated as the winning Bidder. Despite the good features and overall score which justify retaining DCLM in reserve, the evaluation demonstrated the superiority of the recommended bid.
15. Alternative 2 is to abandon the procurement process. In effect this would mean abandoning the pools strategy. Moreover, the scheme remains outstandingly good value for money for the Council. The existing pools would neither encourage nor absorb significant increases in participation. There would be a service need for refurbishment at the existing pools, or conventional procurement of a new pool, for which the Council does not have capital funds available; prudential borrowing would incur financing charges in the order of £1.6m per annum on a 25 year term, for which there would be no external support, as well as the necessary operating and maintenance subsidy. Abandoning this procurement process could jeopardise government and bidder confidence and willingness to justify the cost of bidding in any future major procurement by the Council.
16. There are alternative options which involve amending the current pools strategy, which would have an impact on the viability of the procurement

process. These are considered in Appendix A.

## **Risk Assessment**

17. A risk register has been actively managed through the life of the project. A specific risk register has been developed relating to the decisions in this report, which is attached at Appendix E.
18. The main risks of not adopting the recommendations at the front of this report are as follows:-
  - the PFI procurement will end with the loss of the Healthplex and of the PFI credits that go with it
  - the council's reputation as a business partner would be damaged, jeopardising other major procurement plans.
19. The main risks that follow from agreeing to this course of action are as follows:-
  - the procurement is not yet complete and there remain risks that it might still fail; including failure to obtain planning consent or government agreement to the final business case or the Sport England grant; failure to agree detailed terms with the preferred or reserve bidder; or that external circumstances jeopardise the financial underpinning of the scheme
  - within the PFI documentation the Council will accept certain risks which could stall the scheme or result in financial penalties if they arise after contract signature. In particular the Council will incur significant financial penalties if it fails to complete the infrastructure necessary for the PFI scheme to be constructed or opened
  - the Council will be entering into a 25 year contract with annual costs from which it cannot withdraw without significant financial penalty.
  - the cost of the unitary charge will only be finalised at financial close of the PFI, therefore the unitary charge may vary before the contract starts in certain circumstances (Appendix D)
  - benchmarking and other arrangements within the contract mean that annual costs to the Council may vary during the life of the contract (Appendix D)
  - The lottery grant from Sport England is not finally confirmed; if it were not given, the Council would need to find some other way of financing this contribution.
  - the complex management arrangements and payment mechanism may divert management attention away from the wider sporting,

health and social benefits which ultimately justify the project.

**20.** The action taken to mitigate these risks is:-

- there has been detailed support from a wide range of officers and experienced consultant advisors and partners during negotiation with bidders and the development of the competing schemes; including the Council's development and building control officers and Sport England.
- detailed plans have been drawn up to minimise the period until financial close and to manage factors which could cause slippage to financial close, or to completion of the development.
- the terms which have been negotiated conform to government guidelines for PFI schemes, which have been drawn up in the light of experience of the operation of many schemes. These are designed to avoid the problems encountered by some previous schemes and aim to effect an appropriate allocation of risk. The Project Review Group of HM Treasury has agreed that the scheme is good Value for Money
- the contract has not yet been sealed, and the main risks which could prevent construction and opening of the Healthplex will be further mitigated or eliminated by the time of financial close
- officers have kept Sport England well briefed at regional and national levels. If it were not possible to secure the grant the council could seek additional PFI credits or might ultimately have to fund the capital contribution from its own resources.
- it is proposed to ensure there is adequate capacity and expertise in the Council to manage the contract, ensuring the contractual position of the Council is protected and the client-contractor relationship is actively managed. Separating this role from the Sports Service manager allows the latter to retain focus on ensuring the wider benefits are realised.

### **Equalities Impact Assessment**

**21.** An equalities impact assessment is included at Appendix F. The project requirements included achieving the Council's access standards and positive promotion to key equalities groups in design and management of the facility. By providing a high standard of accessibility, and design which promotes both the reality and the perception of personal security, the facility is intended to overcome several barriers to participation.

**22.** The leisure industry has tended to promote an image of leisure centre users as being healthy and slim. As a result, people with low self-confidence about their physical appearance will be deterred (impacting

particularly on young people and on women). The design of the facility gives high visibility to the gym and pool areas which is expected to help the overall promotion of the facility but which could increase this risk. However other proposals help to mitigate and reduce this, particularly the design of changing rooms which allow privacy, the layout of the fitness suite which provides a relatively private beginners area, the design and programming of swimming which allow (for example) women only swimming sessions with screening of the pool ensuring privacy, and the provision of health referral exercise programmes (including for obesity in children, and for coronary heart disease sufferers) which provide personal support and encouragement. The catering proposals suggest a range of healthy eating options and further development is possible to ensure a wide cultural appeal. All the same, continuing work is needed and is proposed to ensure that programming, customer care and marketing materials emphasise the wide appeal of the centre.

### **Environmental Impact Assessment**

- 23.** An Environmental Impact Assessment is attached in Appendix G. This proposal is a large project that will create a number of significant impacts, particularly energy, water, construction and transport.
- 24.** The Building Research Establishment provides a comprehensive rating scheme for environmental audit and management (BREEAM). The scheme includes an assessment to show it achieves BREEAM “Excellent” standard - the highest level. It is believed this will be the first swimming pool in the UK to achieve this standard. BREEAM covers a wide range of potential environmental impacts. Overall, these impacts are well mitigated, including the use of Combined Heat and Power (CHP) and biomass to reduce net CO2 emissions, “rainwater harvesting” for grey water use on site, and water treatment technology which reduces the requirement for chemical use (also making the water more pleasant for users), use of passive ventilation to reduce air conditioning requirements. The closure of the two existing pools which have poor environmental performance will substantially mitigate the impact of the new facility.
- 25.** The net effects of the proposals are: in view of the commitments to sustainable energy and BREEAM “excellent”, plus the closure of two existing pools, there is unlikely to be a significant impact from increased energy or water consumption. There will be additional impacts from transport and construction that can be mitigated through the proposals to implement a travel plan and use of sustainable construction materials.

### **Legal and Resource Implications**

#### **Legal**

The Council would be liable to the risk of legal challenge if it selected DCLM as preferred bidder as set out in Alternative 1 above, when the procurement evaluation has been won by Bristol Active.

The selection of a preferred bidder does not in itself commit the Council to any course of action as contracts are not concluded until 'financial close' of the PFI. This PFI is presently programmed to reach financial close in January 2009.

In approving the appointment of a preferred bidder and authorising certain officers to enter into contracts in due course, Cabinet is giving its approval for the Council to proceed through the final stages of the competitive dialogue procurement and to enter into legally binding contractual arrangements that will run for 25 years.

The competitive dialogue process requires that legal and commercial terms are finalised before final bids are requested and a preferred bidder is selected. Once the preferred bidder is selected, the commercial and legal deal cannot change in any material respect, although some fine tuning and clarification is permitted.

The contracts underlying this transaction are complex, but the main documents are based upon standard forms developed and approved by central government, with some project specific adjustments made, as appropriate. As the scheme will qualify for PFI credits, the terms of the contracts and particularly any changes will be reviewed and approved by officials working on behalf of the Treasury and the Department of Culture, Media and Sport. The Council has engaged specialist external legal advisers to ensure that the risk allocation is proportionate and that its interests are protected to the best degree possible.

Alongside the PFI contracts are related agreements for the construction of the car park and plaza and also property documents. These contracts are based upon market-standard forms and have been negotiated using specialist external legal advisers to interface with the PFI documentation. The Council's standing orders require all construction contracts to be bonded in order to protect against insolvency of the build contractor. In this instance the contract with Bristol Active is structured so that one payment is made upon completion of the building, with no interim or milestone payments during the build. Therefore the Council does not carry any insolvency risk for this contract and this requirement has therefore been waived.

With regard to specific legal powers and duties: the Council has the power to enter into contracts (including PFI contracts) for the provision of services and assets in the recreational sector and to open and close leisure facilities in Bristol. The statutory authorities for these are given below.

When determining its actions in relation to community facilities, the Council must ensure that it has complied with its general legal obligations relating to equality, as set out below.

### Section 1 Local Government (Contracts) Act 1997

This states that every statutory provision that confers or imposes a function on a local authority also confers a power to enter into contracts for the provision of assets and services for the purposes of, or in connection with, the discharge of that function by the local authority.

### Section 111 Local Government Act 1972

This provides a power to do anything that facilitates or is conducive or incidental to the carrying out of any function of a local authority.

### Section 2(1) Local Government Act 2000

This section contains the 'wellbeing' power that gives local authorities the power to do anything that they consider is likely to achieve any one of the following objectives:

- the promotion or improvement of the economic well-being of their area,
- the promotion or improvement of the social well-being of their area, and
- the promotion or improvement of the environmental well-being of their area.

This power must be exercised having regard to Government Guidance and the Council's Community Strategy. This report sets out how the social and environmental well-being of the city and residents will be promoted and improved through the Healthplex project. Government guidance encourages local authorities to consider the well-being power as a “power of first resort” given its width. Health and well-being along with a high quality environment are two of the five long term aims of the Bristol Community Strategy.

### Section 19 Local Government ( Miscellaneous Provisions ) Act 1976

Enables local authorities to provide such recreational facilities as they think fit within their areas, including ancillary arrangements such as car-parks, and refreshment areas.

### Section 3 Local Government Act 1999

Requires authorities to make arrangements to secure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness; and to consultation of those affected by the exercise of such functions.

### Section 75 Race Relations Act 1976 – “ race equality duty”

Every public authority, in carrying out its functions, must have due regard to the need to:

- eliminate unlawful racial discrimination; and
- promote equality of opportunity and good relations between persons of different racial groups.

### Section 49A Disability Discrimination Act 1998 – “disability equality duty”

Every public authority, in carrying out its functions, must have due regard to the need to:

- eliminate unlawful disability discrimination;
- eliminate harassment of disabled people;
- promote equality of opportunity between disabled persons and others;
- take steps to take account of disabled people’s disabilities, even where that involves treating disabled people more favourably;
- promote positive attitudes towards disabled people; and
- encourage participation of disabled people in public life.

Section 76A Sex Discrimination Act 1975 – “gender equality duty”

Every public authority, in carrying out its functions, must have due regard to the need to:

- eliminate unlawful discrimination and harassment; and
- promote equality of opportunity between men and women.

I confirm that the Council has the legal powers to implement each of the recommendations at the front of this report.

The advice given in this section has been prepared by Amy Auton-Smith (Principal Solicitor).

**Financial**

**Revenue**

The annual charge for the new facilities (the unitary charge), including capital costs is estimated at £2,821k per annum.

This will be funded as follows:

	£000
Government PFI credits:	2,147
budget transfer from pool closures	238
budget transfer from Action Sport	84
Additional Council budget	<u>352</u>
Total	2821

The additional Council budget is included in the MTFP.

This is an increase of £239k compared to the Outline Business Case, which anticipated additional Council budget of £113k pa.

The increase is largely due to the following: - increases in utility tariffs since the OBC was prepared; requirement for BREEAM excellent rating, which will reduce future energy cost increases; and requirement to operate and provide life cycle maintenance for a decked car park.

The final cost may vary prior to financial close in January 2009, and subsequently, for a variety of reasons including SWAP rates, utility tariffs, contractual performance commercially and in service terms; Appendix D sets out the main factors.

Management and maintenance of the plaza will be transferred back to the Council and undertaken by the parks service. It is anticipated that the annual cost of approximately £40k will be met from developer contributions in Hengrove Phase 1.

There is an additional one-off pressure of £126k from September 2010 (when the new centre opens) until March 2012, while Action Sport continues to receive subsidy to operate Whitchurch Sports Centre. This will be provided for in the Medium Term Financial Plan.

## **Capital**

The capital cost of the leisure building is over £20m; under PFI this is largely funded by the contractor, but there is an anticipated contribution of £1m from a Sport England grant. The centre will be treated as “off balance sheet” for the Council's accounting purposes.

The capital costs of the car park and plaza are £3.617m and £1.264m respectively. This is within the capital provision made in the Hengrove Park Phase 1 programme.

There is a potential capital value in the Jubilee and Bishopsworth pool sites, and the Whitchurch leisure centre site depending on decisions as to future uses.

***Financial advice given by: Peter Robinson, Head of Corporate Finance and Procurement***

## **Land**

The site for the Healthplex, car park and plaza is owned by the Council. The Healthplex and plaza sites will be leased to the successful bidder for a term concurrent with the PFI agreement.

The agreement may protect the commercial viability of the Healthplex by limiting the Council's freedom to change the use of the existing parkland close to the Healthplex from parkland and associated facilities.

Following closure, the sites of Bishopsworth and Jubilee pools will be available for reuse or disposal.

## **Personnel**

Employees of SLM at Bishopsworth and Jubilee pools, most of who were previously Council employees and



who transferred to SLM under the Workforce Code of Practice, will transfer to the Healthplex under the Code. They will benefit from a GAD approved pension scheme.

**Appendices:** Appendix A - Review of demand and supply model and business case for the strategy

Appendix B – procurement process

Appendix C - tender evaluation report (**exempt**)

Appendix D - Calculation of Unitary charge payments under the PFI agreement

Appendix E - Risk Assessment

Appendix F - Equalities Impact Assessment

Appendix G - Environmental Impact Assessment

## **ACCESS TO INFORMATION**

### **Background Papers:**

Project and legal files (except commercially confidential information).

Detailed background information on the evaluation has been placed in a “data room” (folder of information). This is available to Cabinet by way of additional support for their decision-making process. Items in the “data room” are exempt from disclosure or publication under category 3 of part 1 of Schedule 12(A) to the Local Government Act 1972 as amended by Section 1 of the Local Authorities (Access to Information) (Variation) Order 2006 and are strictly commercially confidential. The “data room” can be accessed prior to the meeting by contacting the Project Manager Stuart Woods (extn 24355) and will also be available during the meeting.

## Appendix A

### Review of Business Case and Swimming Strategy Demand and Supply Model

#### Strategic options.

1. As well as the procurement options outlined in the report, strategic alternatives have been considered.
2. Strategic Alternative 1 is to progress the PFI procurement process but seek to retain Bishopsworth and/or Jubilee pools. The reasons for rejecting it are:
  - there is no service case, as the Healthplex will absorb existing users as well as projected additional demand (see below).
  - it would at least cause serious delay and increase costs, and at worst jeopardise the procurement process for the Healthplex. Bidders were instructed to build into their business plans the TUPE transfer of staff working at the older pools. Such a significant change would require the council to set aside the bids, restate its requirements and re-open competitive dialogue (or face a high risk of successful challenge). This would have far-reaching consequences for the Council's credibility with the market and Central Government.
  - It would jeopardise the employment of staff currently working at these sites. They would not TUPE transfer to the Healthplex and if (as predicted) the older sites subsequently have to close for lack of demand, the staff would be redundant.
  - It would be extremely expensive. The Medium Term Financial Plan assumes that the revenue support for the older pools will transfer to the Healthplex, but this would no longer be possible. Indeed the revenue cost of the older pools would increase, as income would reduce sharply as current users transfer to the Healthplex. Being older facilities with a backlog of long term maintenance, their maintenance costs will increase. If they subsequently had to close, the Council would be responsible for staff redundancy costs.
  - Government has to approve the Final Business Case before releasing the PFI credits. It would be difficult to justify this, given all the above.
3. Strategic alternative 2 is to continue the procurement process but simultaneously to begin active development of a project for a new district pool for south east Bristol. The swimming pool strategy suggested a site by Redcatch Park for this. However the demand analysis below suggests that there is insufficient demand to justify this

for the time being, even with the prospect of free swimming for over 60s / under 16s.

4. During public consultation, anxiety was expressed that the PFI contract might include an “exclusion” clause preventing the Council from developing such a competing facility. This is not the case. The proposed PFI contract does include provision to trigger benchmarking of income (potentially leading to increased Unitary Charge) if competing facilities sponsored by the council and located within an agreed distance of Hengrove Park can be shown to have reduced turnover and operator profit below the level that both the Council and the operator have agreed in the business plan. This clause is needed, because no investor will commit the requisite levels of funding without being able to manage this risk. However, it does not apply if demand exceeds that which is modelled in the business plan and it would be irrational for the Council to develop additional facilities unless that is the situation.
5. Strategic Alternative 3 is to retain Bishopsworth pool and to close Bristol South. However the Council's intention to retain and upgrade Bristol South has been advised to bidders, and they have worked on the basis that Bishopsworth will close; there is risk they can object to this alternative plan. The change of TUPE arrangements would also complicate the proposals with different staff profiles meaning modification of the bids. The proximity of the much more attractive facilities at Hengrove mean that Bishopsworth would always suffer a massive competitive disadvantage, so it is extremely difficult to envisage a viable future for the pool. In contrast, strategically, Hengrove and Bristol South provide a more logical arrangement of catchments, and the latter caters for a central Bristol catchment as well as nearby communities in Southville/Bedminster. Bishopsworth has a highly constrained site whereas Bristol South has the potential for adding fitness facilities and linking functionally to its adjacent park, providing a superior overall product, albeit with substantial investment requirements.

## **Pool Capacity**

6. The overall capacity of a swimming pool is calculated by taking the overall square meterage of the pool and allowing 3sq.m of water space per person. The bather load is calculated as 70% of the capacity to allow for movement in the water. This gives the number of people who can “comfortably” access the water at any one time; although most people would feel crowded at this level. Multiplying the bather load by the operational hours the facility is open gives the overall annual capacity of the facility. Bishopsworth is open for 4225 hours per year and Jubilee 4015 hours per year (assuming a 50 week operating year). The capacity of the current pools and maximum bather load is

calculated below.

Pool	Dimension	Size (sq m)	Capacity	Bather Load	Annual Bather Load
Jubilee	22m x 10m	220.0	73	51	206,103
Bishopsworth	25m x 10.5m	262.5	88	62	261,950
Total current		482.5	161	113	468,053

The fact that these pools cannot easily be subdivided and lack changing facilities that can cater simultaneously but separately for different types of users (such as schools, clubs and casual users) means that there is limited ability to cater simultaneously for different groups of users; although this is not calculated numerically it is in practice a constraint on using the theoretical capacity to the full.

7. In contrast, at Hengrove the design and layout of the changing rooms, and the operator's ability to use booms to subdivide the main pool into up to three zones as well as the learner pool, gives significant flexibility to provide diverse programmes simultaneously. The pool will operate on significantly longer opening hours than the existing pools, increasing the capacity (for prudence, the early morning session for elite swimmers has been omitted from the following capacity calculation)

Pool	Dimension	Size (sq m)	Capacity (bathers)	Bather Load	Annual Bather Load @ 4580 hrs/yr
Hengrove Main pool	50m x 25m	1250	417	292	1,337,360
Learner pool	20m x 10.5m	210	70	49	224,420
Total		1260	420	294	1,561,780

Together with the great increase in size, the new facility at Hengrove has significantly more capacity than the existing pools. The Healthplex will provide comfortably over three times the capacity of the pools it replaces, even before its operating flexibility is considered.

### **Demand for swimming**

8. The actual usage of both pools in 2007/08 was Jubilee 68,808 and Bishopsworth 65,044. This equates to 33% of the potential annual bather load at Jubilee and 25% at Bishopsworth. In practice, within this there are peaks and troughs.

9. The Council's business plan for Hengrove projected that uptake would be 370,000 uses per year. Bidders made their own assessments based on detailed demographic and market analysis. Their individual figures are close to the Council's projection which is over two and a half times the current uptake at Bishopsworth and Jubilee. This is a quarter of the theoretical annual bather load, implying substantial space capacity.
10. Demand is set to increase, due to the increased attractiveness of the new pools, increasing public awareness of the health benefits of swimming, initiatives such as the proposed free swimming for over 60s and possibly under 16s from 2009 recently announced by government, and population growth. There is also likely to be a switch of swimmers from other pools (including private sector pools) as this will be the premier facility in Bristol. Some of these factors were anticipated in the Council's original projection, but the growth in population and the potential of the free swimming initiative were not.
11. One of the barriers to participation, particularly among some of the priority groups the Healthplex aims to attract, is the cost of swimming. The government's recent announcement that it is bringing a free swimming scheme forward as part of a wider healthy exercise promotion policy is therefore to be welcomed. There is as yet no detail on the government's free swimming proposals. Consultation with local authorities and others is planned this year, with implementation in 2009. The actual impact on demand, and the ease with which pools can absorb increased demand, will depend on detail.
12. A review of the impact of previous free swimming initiatives in the UK in various localities has been conducted. Findings from other schemes are:-
- Total participation spikes significantly at first, then declines.
  - None of the free swimming schemes has given free access to the relevant groups at all times: they have all been for specific sessions. This has the effect of steering additional uptake towards times of day when the pools would otherwise be quietest, minimising any strain on capacity.
  - Young people's programmes have predominantly been arranged in holiday periods, older people's programmes in term time
  - Some schemes offered free casual swimming, others offered more targeted activities such as rehabilitation and exercise classes.
  - Lessons remain a paying activity.
  - There is a shortage of reliable and relevant information on the

impact on participation. The best figures are from Wales where schemes for under 16s and over 60s have run from 2004/05 and 2005/06 respectively. Key points are:

- uptake by young people was greater than by over 60s (although among young people it dropped by 10% per annum after the first year, whereas among over 60s it increased by 9%).
- in Cardiff, which is the most comparable area, participation in free swimming was 2.0 uses per head for young people, and 1.75 per head for over 60s.

**13.** Some of this participation would have been people who were already swimmers who took advantage of the free sessions, therefore the figures overstate the impact on total participation. Nevertheless applying the headline figure to south Bristol, the equivalent uptake would be 44,000 swims per annum by young people and 40,000 by over 60s.

**14.** It is likely that the government scheme will follow previous practice in offering free swimming in specific sessions, and that these will be when there is spare capacity i.e. daytime sessions particularly on week days. These sessions would provide minimum conflict with most paying users whose peak times are weekday early evenings. They would also generally suit the target groups. Therefore, the increase in participation is likely to be largely or entirely absorbed at times when there would otherwise be significant spare capacity; and would have little or no impact on the sessions which are currently busiest (in the most optimistic scenario, it could even divert older and younger swimmers away from these sessions, optimising demand across the programme).

**15.** It is clear that the Council will need to cover any net financial cost to the operator but it is not yet determined how this will be assessed and managed (including cash flow). The government estimates that their budget allocation will cover 75 – 100% of the costs to local authorities. It appears that there will be a bidding process for the available money, and that there will be a modest capital fund into which councils can bid (not relevant for Hengrove, but of interest elsewhere in the swimming strategy). The capacity of the Council to participate in the scheme might well be affected by ability to win government support.

**16.** Since the Pools Strategy was formulated, population projections for Bristol (particularly south Bristol) have increased as a result of the recent upward population trend, and in view of the working assumption for the Local Development Framework of an increase of approximately 29,000 households in Bristol as a whole by 2026, of which 11,000 would be in South Bristol. The most extreme projection so far put forward is the recent Office of National Statistics projection of an

increase of 32% / 132,000 by 2031. This is a simple extrapolation of the exceptional population increase since 2000 as a result of high net immigration (largely from EU accession states); there is reason to treat it with caution. Using the same distribution as in the emerging LDF, the south Bristol share would be 50,000 - a 44% increase on the current 114,600.

## Summary

17. Uptake at Bishopsworth is currently 25% of capacity, and at Jubilee 33%. The Healthplex will more than triple capacity. Independent projections by the Council and by both bidders suggest that demand will also increase by about 2.5 times. The Council's projection was prepared prior to the latest population growth forecasts and the government's free swimming initiative and has therefore been reviewed.

18. The headline analysis (using the high ONS figure for population growth) is:-

	<b>User Number</b>	<b>Incremental increase</b>
current usage (Jubilee+Bishopsworth)	134,000	n/a
increased usage with Healthplex	330,000	196,000 (+146%)
add: free scheme	414,000	84,000 (+ 25%)
add: increase due to 44% pop growth	596,000	182,000 (+ 44%)

19. Many factors would affect this crude analysis. However, the broad conclusion is

- even on high projections of growth, there will remain ample overall capacity for the short and medium term, with uptake at 596,000 per year compared to bather load capacity of over 1.5m.
- This margin gives comfortable allowance for uneven participation through the day
- in the short/medium term there is no justification for projecting insufficient capacity at the Healthplex.

## **Appendix B**

### **PROCUREMENT PROCESS**

1. Procurement has been via the relatively new Competitive Dialogue procedure. Under this, negotiations on design, maintenance, operation and commercial and contractual terms are sustained with at least two competing bidders until there is sufficient agreed detail about each of their proposals to know that:-
  - both are within the Council's affordability parameters
  - both are deliverable without significant change to their proposals, leaving only fine tuning in the final negotiations
  - both will meet the essential criteria of the Council and have been optimised as far as can be achieved
  - both will meet the essential criteria of the government for PFI projects

At that stage, detailed Final Tenders are submitted and evaluated, a Preferred Bidder is selected and final negotiations are pursued through to financial close and entering into the contract. The selection of Preferred Bidder is therefore the final key decision in the procurement process.

2. Competitive dialogue was introduced to overcome weaknesses in previous procurement procedures where a Preferred Bidder was selected at a more rudimentary stage of scheme development; this left too many significant issues to be agreed after there was only one bidder in the picture, leaving the client with a weak negotiating position and both parties with significant uncertainties. In several PFI procurement processes this led to lengthy and expensive delays and the need for substantial scheme modifications before the deal could be closed. Competitive Dialogue is intended to avoid this risk. It is however very demanding of both client and bidder resources.
3. The procurement has been managed under standard Corporate project management arrangements, with a cross-departmental project team supported by external legal, financial, leisure, technical and other relevant advisers, a cross departmental project board, and project assurance, based on PRINCE2 methods. There have been regular reports to the Hengrove Programme Board, the Asset Management Board and reviews by the Project Appraisal Group. The project has also been subject to external "gateway" reviews by the 4Ps, a government sponsored organisation set up to guide and support PFI/PPP procurement projects, and the Outline Business Case was subjected to review and sign-off by a cross-departmental government committee led by the Treasury.
4. After Cabinet's approval of the Outline Business Case, the project was



advertised and three consortia were initially selected to submit initial proposals. These were evaluated in October 2007 and two of the three were selected to continue through to final bids (Bristol Active and DCLM). Their bids were assessed as ready for final tenders in early June, including confirmation from government advisors that the main financial and legal requirements for PFI schemes had been met. Final tenders were received on 25 June.

5. As required under procurement regulations, tender evaluation was conducted using an evaluation matrix which had been prepared in advance of any bids being received. The matrix allocated marks to 137 features of the bids, grouped into technical and design (20% of the overall score), service delivery (40%) and financial, legal and commercial (40%). The features were identified to cover bid responses to the Council's documented requirements as specified to bidders, the robustness and deliverability of bidders' proposals, and the risk profile of the bids. The score for each feature was on a standard scale out of 10 possible marks; weightings were then applied so that each feature had appropriate significance within its grouping, and each grouping within the overall score. The car park and plaza were included in the evaluation.
6. Evaluation was carried out by approximately 30 officers and consultant advisors, working in six groups according to their expertise (some officers and advisors contributed to more than one group):-
  - sport and health
  - legal, commercial and financial
  - design and hard facilities management
  - programme interfaces
  - personnel
  - soft facilities management

Each group member drafted scores in advance of a group meeting where scores were discussed and normed. The group chair then prepared a summary report to a top level group, which reviewed the information and produced an overall report with recommendations to the Project Board. The Board approved the final report and recommendation on 22 July (Appendix C).

## Appendix D

### CALCULATION OF UNITARY CHARGE PAYMENTS UNDER THE PFI AGREEMENT

#### 1 Background

Payments to the PFI Operator will be made monthly via the Unitary Charge (UC). In addition a Sport England capital grant of £1.0m is anticipated. This Appendix sets out the factors which will determine the level of the UC, including how this might change through time, and how the different factors are interlinked.

#### 2 Prior to financial close.

The terms of Competitive Dialogue mean that no change to the agreement can be negotiated up to Financial Close which would result in a material increase to the UC and which might have changed the selection of bidder. However the following factors which are outside the control of both parties are able to have an impact, possibly significant, on the unitary charge at the opening of the contract:-

- a) swap rates - this fixes the rate at which project finance is converted into cash flow. The rate is set at the point the contract is entered into. It fluctuates daily as determined by the money markets. Bids are based on an assumed rate of 5.5%. If the rate rises above this so will the Council's costs, conversely a lower rate will result in a saving (0.1% change would have a £15k impact). The current rate is 5.3% but the trend is upwards.
- b) Utility tariffs - recent increases highlight the riskiness of these. To avoid bidders imposing an unaffordable risk premium, the Council carries this risk before as well as through the life of the contract. Bidders were advised of the tariff rate to put in their bids. If the actual tariffs that can be negotiated are different the UC will also change (up or down)
- c) car park - one outstanding task is to determine the car park management and charging regime. For bid purposes no income was assumed. Depending on the outcome there will be an income flow; this will need to be taken account of.
- d) Planning obligations: may increase costs

#### 3 Post financial close.

While the Unitary Charge will be fixed at the outset of the contract (with 50% being subject to indexation linked to RPI), changes in utility tariffs will continue to affect the UC (as may car park income). In addition:-

**a) Benchmarking**

- The benchmarking procedure recognises that over a 25 year period there is a significant degree of uncertainty beyond the control of the operator as to future 3<sup>rd</sup> party income. To avoid PFI bids charging an unaffordable risk premium, the benchmark procedure allows the UC to be adjusted within tightly defined circumstances.
- A benchmark can be called by the Operator or the Authority if gross income decreases or increases by more than a set percentage when compared to the original estimates set out in the Operator's financial model. The Operator cannot call a benchmark at less than five yearly intervals and only if they have performed satisfactorily.
- Should a benchmark be called the Operator has to demonstrate that a reduction in 3<sup>rd</sup> party income has had a material impact on their profits. If the Council agrees the unitary charge will be adjusted to reflect the change in income and costs. An independent benchmarking consultant can be used if the parties choose and if agreement cannot be reached on a benchmarking then the parties will go to dispute resolution. Ultimately a market test can be called if parties cannot reach agreement.

**b) Profit Share**

The proposals include profit sharing at profit above a set threshold, with the proportion payable to the Council increasing as higher thresholds are passed.

**c) Pricing Policy**

The Council sets the pricing policy for certain defined activities and groups (such as low income users, sports clubs, etc) to protect access for priority groups. Outside of these restrictions the Operator is free to set prices at the level they feel will maximise usage and income. The Council can vary the pricing policy but this would feed through to the unitary charge.

**d) Changes to requirements**

- The Council will have the ability to make changes during the Contract to reflect changing needs and priorities. Where a change will have a material impact on the Operator's net costs,

the Council will be expected to pay for these changes on the general principle that the operator will be no better or worse off as a result. The operation of this is tightly defined.

- Similarly the Operator can propose changes to the contractual requirements; the financial impact of these are assessed and the council can benefit from improved terms (and does not have to agree to changes which worsen terms).

**e) Payment Mechanism**

The Payment Mechanism (PM) sets out the basis of calculation for the payment to the Operator for the provision of services under the Contract. The full UC is reduced by operator failure to achieve service standards. The Facility is divided into 23 Zones weighted to reflect their importance to the Council. There are also 30 weighted Performance Standards which are measured on a monthly and annual basis. Containment and rectification periods apply to enable the Contractor to resolve any performance/availability problems without suffering a financial deduction. Ratchets and other measures exist to penalise repeated underperformance and to incentivise the Contractor to resolve any on going service problems.

## APPENDIX E RISK REGISTER

### Note:

[a] where possible, the mitigations identified under “risk management” below are already in place; hence the revised rating may not be a reduction from the initial rating.

[b] many of the risks will reduce in the run up to contract close: this is a primary aim of the final negotiating period.

Type of Risk	Risk	Prob	Impact	Total	Cost/Time Implication	Risk Management	Revised rating
<b>PROCUREMENT</b>	Failure to negotiate to financial close with preferred bidder	1	5	5	Major slippage and increased costs as revert to reserve bidder	Sustain momentum to reduce risk of external factors impacting. Agree negotiating timetable with bidder and escalate any significant problems to board level.	5
	Challenge to selection decision	1	5	5	slippage and increased costs. If challenge is successful, this becomes a major problems and project may collapse	Clear justifiable and objective process including debrief to reserve bidder. Ensure commercial terms do not move adversely during final negotiations.	5
	Government does not support final business case - PFI credits refused	1	5	5	Scheme collapses	Ensure no new derogations or loss of VFM are created in final negotiations	5
<b>FINANCIAL</b>							
<b>Unitary charge increases prior to</b>	[a] due to utility tariff increases	3	3	9	Increased cost to council	Car park income not yet factored in - can counter balance increases. Involve EMU in getting best deal.	6

Type of Risk	Risk	Prob	Impact	Total	Cost/Time Implication	Risk Management	Revised rating
<b>closing agreement</b>						Sustain momentum in closing deal.	
	[b] due to increasing SWAP rates going beyond current buffer	3	2	6	Cost implication through life of contract - depends on rate at close	Rates are volatile but have been rising. Sustain momentum to financial close.	6
<b>Unitary charge increases during life of contract</b>	[a] through income benchmarking	2	4	8	Increased UC. NB benchmarking can also reduce costs if income is high, and there is profit share	Monitor and ensure income is maximised and costs controlled. Risk is linked to credibility of income projections which are lower in the recommended bid.	8
	[b] through council requirements for change to facility or services	3	2	6	Increased UC	Only introduce affordable changes	4
	[c] through utility tariff increases	2	3	6	Increased UC	Council can try to find better terms with providers.	5
	[d] through utility consumption increases	4	2	8	Increased UC	Review of energy management. NB depends on credibility of consumption projections. The additional biomass boiler reduces exposure to gas tariff.	8
<b>Capital pressure arises</b>	[a] Anticipated £1m Sport England grant not awarded	1	5	5	£1m capital cost to council	Careful preparation of strong bid. Liaise with DCMS on PFI credit availability.	5
	[b] cost of car park or plaza increases	1	5	5	Fixed price bid	Do not change requirement unless affordable and does not impact on procurement	5

Type of Risk	Risk	Prob	Impact	Total	Cost/Time Implication	Risk Management	Revised rating
<b>PLANNING</b>	[a ] The proposed consultation period may be perceived as being too short	2	4	8	Delayed consent - potential for cost escalation with SWAP rates etc.	Development Control have confirmed in principle. Ensure consultation is thorough. Reference previous rounds of consultation.	4
	[b] scheme not good enough to be consented	1	5	5	Slippage as scheme revisited; project may collapse	Ensure thorough checking of proposals prior to submission, dialogue with planners and well detailed submission	5
	Risk of site being registered as a Village Green	1	5	5	Not believed that application could be justified therefore risk is delay more than loss of scheme. However a successful application would terminate project.	Risk management is led by risk management for the wider Hengrove Phase 1, including considering insurance. Continue to demonstrate justification of scheme to potential objectors.	5
	Call for Judicial Review after financial close.	1	5	5	This would cause an uncertain period of delay to the project and potentially jeopardise it	Appropriate process followed.	5
<b>CONSTRUCT-ION</b>	[a] changed information or specification of infrastructure requires modification to scheme	3	3	9	Slippage and potentially increased costs	Risk declining as infrastructure scheme progresses. Establish ongoing liaison between PB and infrastructure team.	6

Type of Risk	Risk	Prob	Impact	Total	Cost/Time Implication	Risk Management	Revised rating
	[b] Infrastructure not fully available when PFI Contractor starts on site - including utilities	2	3	6	Potential phasing issues if delays on site, and significant cost	Risk management is via Hengrove phase 1 programme management. Continuing liaison with infrastructure team and via them with utilities providers. Council to liaise with RDA and ensure that infrastructure start on site is not delayed with programme uncertainties	6
	[c] Multiple contractors on site at same time in close proximity and sharing accesses	3	3	9	Delay and claims	Infrastructure team coordinating construction access	6
<b>STRATEGIC &amp; BENEFITS REALISATION</b>	Anticipated benefits of the centre are not realised	3	3	9	Main impact is non financial. Could be cost implication if benchmarking increases UC	Effective contract management ensuring sufficient capacity and expertise to oversee contract and manage service as well as financial performance. Establish strong partnership links with stakeholders such as PCT	6
	Agreement with bidder restricts council from developing land immediately to north of building except as parkland	3	1	3	This is Council's intention but reduces flexibility in phase 2.	Ensure phase 2 incorporates open space requirements in this location.	3S
	Terms of contract prevent council developing competing sports facilities in area	1	3	3	strategic	Terms do not prevent development provided there is sufficient demand.	3



## Appendix F: Equalities Impact Assessment

### Aims and objectives

The project aims to promote health, social cohesion and the regeneration of South Bristol by developing a leisure centre in Hengrove Park. More detailed objectives include increasing sports participation particularly among social groups identified as being low participants and likely to benefit from sports participation (older people; minority ethnic groups; obese and mentally ill people); also children and young people, where overall participation is higher but where there are wide disparities in the level of physical activity, with some having very low levels resulting in increasing levels of the associated health problems; to support health promotion programmes, particularly in cooperation with the neighbouring South Bristol Community Hospital; to support education in sport, particularly in cooperation with schools and with the neighbouring Skills Academy; to promote sports development up to and including sports excellence, particularly in swimming; and to provide a facility which acts as a social hub linked to use of the adjacent plaza and open space. The project also aims to provide exceptional environmental performance.

### Reference Documents and sources of information

Council statement of Requirements, recommended bid, plus Census information (2001), BCC's Quality of Life Survey (2006), Bristol PCT Health Equity Audit (2006), Sport England's 'Active People Survey (2005/6)', the EIA for Bristol's Physical Activity Strategy (2005-10) Women's Sport Foundation (What works for Women Case Study).

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<p><b>Gender</b></p> <p>about a third of girls don't like others to see how they look when taking part in sport and physical activity. Girls were less self-conscious when their friends took part and particularly in women only sessions.</p> <p>This issue affects all aspects of society - but is particularly relevant to sport - research also shows that women are far more self-conscious than men when taking part in sport and physical activity. <i>(Extract from What works for Women Case study)</i></p> <p><b>Personal safety</b></p> <p>Personal safety on the streets, on public transport, and in and around sports and community venues is a particular problem for women and girls who may fear not only physical and sexual attack, but also unwanted attention and harassment. <i>(Extract from What works for Women Case study)</i></p>	<p>Attractive facility with atrium area which links with plaza and park, and which functions as social hub. Provision of access to health information and screening (via Healthy Living Zone), increased exercise opportunities (gym, pool, classes) including women only swimming and exercise sessions. Health intervention programmes such as Active Choices and community sports and exercise programme will also target adults who are least active.</p> <p>Trained female lifeguards/instructors to supervised women only sessions.</p> <p>A creche is provided at affordable rates.</p> <p>There is good access to the site including secure car parking &amp; public transport links; access is designed to promote security and a sense of personal security.</p> <p>The contractor will promote positive messages (including careful use of actual and graphic representations of role models to emphasise that you don't have to be slim and fit to participate, but that you are likely to benefit if you do). Marketing will show sessions as fun, sociable and great new experiences rather than emphasising competitiveness.</p>	<p>Bidders took part in meetings with stakeholders, representing user groups. Officers including equalities advisers) fed in advice. Programmes were developed accordingly. There may be scope to establish "travel groups" for women and girls.</p>

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<p><b>Minority Ethnic Groups</b>            Information Available: 2001 Census and other Equalities evidence on BCC Intranet.</p> <p>It is vital that all sections of the community can access information about the facility including details of special offers/discounts and any changes to the normal operation of the Facility e.g. changes in opening hours or temporary closure.</p> <p>The following are generic barriers to participation :</p> <ul style="list-style-type: none"> <li>• Cultural barriers such as lack of single sex bathing facilities in swimming pools</li> <li>• lack of information</li> <li>• lack of role models and cultural norms which do not encourage sports participation particularly among some groups (eg women, older people, in some communities)</li> <li>• Illnesses, particularly those strongly associated with particular communities. Some ethnic groups have worse health outcomes than others. For instance there are higher rates of coronary heart disease in the Asian community.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of targeted programmes (e.g. swimming session for Asian women).</li> <li>• Through IT membership systems the contractor will also be able to identify and monitor the ethnic status of participants on all sports and physical activity (based on voluntary self-identification) and thus enable services to be developed accordingly.</li> <li>• Design layout will provide private changing,</li> <li>• The contractor will also promote positive messages (including the use of actual and graphic representations of role models) and good practices to encourage the involvement of BME communities in sport and physical activity.</li> <li>• Information marketing material will be written in a language, tone, and format appropriate to the audience</li> <li>• There is good access to the site including secure car parking &amp; public transport links; access is designed to promote security and a sense of personal security.</li> <li>• The contractor will promote positive messages including on diversity of participation.</li> </ul>	<p>Key officers within BCC who have direct links with user groups/stakeholders have informed the Output Specification (i.e. what do we want to achieve) and the evaluation process to ensure that we get the best possible outcomes for the community of Hengrove and South Bristol.</p> <p>It is aimed to incorporate further improvements based on consultation before the contract is finalised.</p>

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<ul style="list-style-type: none"> <li>• Perceptions of what is permitted within interpretation of religious text</li> <li>• Lack of single gender provision: single sex &amp; cultural activities</li> <li>• Affordable transport</li> <li>• Women being permitted/feeling comfortable wearing culturally appropriate clothes whilst exercising</li> <li>• Lack of private changing facilities</li> <li>• Lack of instructors of different ethnic backgrounds &amp; gender to facilitate users</li> <li>• Lack of awareness of available activities</li> <li>• Fears of travelling outside local community</li> <li>• Lack of peer support/ involvement in activities</li> <li>• Concerns about not fitting in</li> <li>• Lack of community role models</li> <li>• Actual or potential experience of racism</li> <li>• Childcare – lack of available facilities if particular cultural input needed</li> <li>• Lack of awareness of benefits of physical activity</li> </ul>	<ul style="list-style-type: none"> <li>• The draft healthy eating menu can be developed to ensure diverse cultural appeal.</li> <li>• Staff training on equalities will include ethnicity</li> </ul>	

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<p><b>Disabled people</b></p> <p>Information Available: 2001 Census and other Equalities evidence on BCC Intranet</p> <p>17.8% of the Bristol population had a Long Term limiting illness.</p> <p>The following are generic barriers to participation which may pertain to leisure centres but could also apply to schools, workplaces, clubs and facilities used by older people:</p> <ul style="list-style-type: none"> <li>• Accessible transport (including as a means to reach facilities), that also operates over weekends and evenings, has reasonable booking arrangements and can accommodate regular activities</li> <li>• Physical access, including provisions for tactile signage, lighting, use of colours</li> <li>• limited availability of accessible sessions</li> <li>• limited availability of staff to assist</li> <li>• Cost to users, including transport, admittance, and possibly the requirement to obtain a GPs letter of fitness to participate</li> <li>• Lack of private changing facilities</li> </ul>	<p>The Council has made it clear to Bidders that the design solution for the new Leisure Centre should not only be fully compliant with the DDA, but should exceed its requirements. We are also expecting the facility to have IFI accredited stations in the fitness suite. As well as internal layout considerations and provision of adequate and appropriate equipment, the design proposals also look at the exterior of the building and accessibility issues (e.g. location of disabled parking bays).</p> <p>Information about the facilities can be accessed – including in applicable formats such as Braille, large format, audio and pictorial/symbols.</p> <p>The contractor will also collect data on the enjoyment/satisfaction levels experiences by all users of the facilities, within which, the monitoring of any differential experiences by equalities groups might be determined. Recording the ethnicity and disability status of al staff delivering services within the facility to ensure there is positive/proportional representation.</p> <p>The contractor will also promote positive messages (including the use of actual or graphic</p>	<p>Bidders have met with the Council’s Accessibility Officer during the design process to discuss issues such as entry into the building and in particular disability process to date and will continue to do so.</p> <p>It is aimed to incorporate further improvements based on consultation before the contract is finalised.</p>

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<ul style="list-style-type: none"> <li>• Lack of specialist facilities</li> <li>• Lack of awareness of available activities and facilities, and of available information about them; lack of information in suitable formats</li> <li>• Attitudes of the whole staff team towards disabled users/inquirers (this will include receptionists, cleaners and anyone else who has face-to-face contact)</li> <li>• Lack of specialist instructors, particularly where there is a need for them to be of a particular gender or ethnic background</li> <li>• Concerns about not fitting in, and lack of disabled role models</li> </ul>	<p>representations of role models) and good practices to encourage the involvement of disabled people in sport and physical activity.</p>	
<p><b>Lesbian Gay and Bisexual people</b></p> <p>Information Available: 2001 Census and other Equalities evidence on BCC Intranet</p> <p>With the contract specification there has been no consideration of sexual orientation as a specific barrier to using the service/facility; therefore there may be a need to establish whether there is?</p>	<ul style="list-style-type: none"> <li>• There is good access to the site including secure car parking &amp; public transport links; access is designed to promote security and a sense of personal security.</li> <li>• The contractor will promote positive messages including on diversity of participation.</li> <li>• Staff training on equalities will include ethnicity</li> </ul>	<p>Key officers within BCC who have direct links with user groups/stakeholders have informed the Output Specification (i.e. what do we want to achieve) and the evaluation process to ensure that we get the best possible outcomes for the</p>

<p>Baseline data and research</p> <ul style="list-style-type: none"> <li>- what is available?</li> <li>- what does it show?</li> </ul>	<p>How will the new facility contribute to resolving these issues?</p>	<p>Consultation: who, when, how, key results; changes to project resulting</p>
		<p>community of Hengrove and South Bristol.</p> <p>It is aimed to incorporate further improvements based on consultation before the contract is finalised.</p>
<p><b>Young people and older people</b></p> <p>Information Available: 2001 Census and other Equalities evidence on BCC Intranet</p> <p>33.6% of the Bristol population were aged 0-24</p> <p>14.8% of the Bristol population were aged 65+</p> <p>There is now substantial evidence that indicates that regular physical activity can bring significant health benefits to people of all ages and abilities. However, more importantly for older people, as well as the health benefits, physical activity can also extend years of independent living, reduce disability and improve quality of life.</p>	<p>Improved access to health information and screening (via Healthy Living Zone), increased exercise opportunities (gym, pool, classes). This will be a positive impact. A Healthy Living Zone will be created, allowing visitors to access health information, screening programmes and ‘taster’ sessions and to participate in GP referral schemes e.g. COPD.</p> <p>Priority Groups shall be entitled to use the Facility at heavily discounted rates and/or free-of-charge.</p>	<p>Key officers within BCC who have direct links with user groups/stakeholders have informed the Output Specification (i.e. what do we want to achieve) and the evaluation process to ensure that we get the best possible outcomes for the community of Hengrove and South Bristol.</p> <p>It is aimed to incorporate further improvements based on consultation before the contract is</p>

Baseline data and research - what is available? - what does it show?	How will the new facility contribute to resolving these issues?	Consultation: who, when, how, key results; changes to project resulting
<p><b>Faith Groups</b></p> <p>Information Available: 2001 Census and other Equalities evidence on BCC Intranet</p> <p>62.1% of Bristol population were Christian            0.4% of Bristol population were Buddhist            0.5% of the Bristol population were Hindu            0.2 % of the Bristol population were Jewish            2.0% of the Bristol population were Muslim            0.5% of the Bristol population were Sikh            24,5% of the Bristol population had no religion</p>	<p>The council will expect the contractor to provide interfaith activities such as swimming for ladies and girls and to work with local interfaith groups to publicise other specific community activities. However there may be a need to establish whether there are any additional services required</p> <p>The contractor will provide equalities training for staff</p> <p>All marketing and promotional materials will be culturally sensitive.</p>	<p>finalised.</p> <p>Key officers within BCC who have direct links with user groups/stakeholders have informed the Output Specification (i.e. what do we want to achieve) and the evaluation process to ensure that we get the best possible outcomes for the community of Hengrove and South Bristol.</p>



## **Appendix G**

### **Environment Impact Checklist**

Summary of proposals: appoint a preferred bidder who, following finalisation of the contract, will construct a leisure centre, 320 space car park (with additional 30 spaces by building) and plaza in Hengrove Park, and manage the leisure centre and car park for 25 years. The existing Bishopsworth and Jubilee pools will close.

Overall, sustainability has been built into the project by the requirement to achieve a BREEAM Excellent rating - believed to be the first pool in the UK to achieve this standard. The contract structure in which the consortium has to operate the building for 25 years also encourages the use of durable materials with long life cycle, and designs which minimise energy, waste and other costs. This are in contrast to the older pools that the Healthplex replaces. Specifically:-

#### **[a] emission of climate changing gases**

Leisure centres are heavy users of energy for water and space heating, water supply etc. Public access to the site with approximately 800,000 visits per year will be another generator of greenhouse gases. The building construction and materials will depend on substantial energy inputs.

Mitigation proposed includes:

- Use of CHP gas fired boiler reduces CO2 emissions by 10%
- an additional wood-fuel biomass fuelled boiler which will reduce CO2 emissions by 11%.
- the building is thermally effective, including natural ventilation and heat recovery. Bristol Active exceeds Building Regulations Part L requirements by 20%
- the building makes good use of natural light
- green travel plan: as part of the wider development, good bus access will be provided. A new footpath link and cycle racks are provided in the scheme.
- In addition, closure of the existing Jubilee and Bishopsworth pools will save energy and so the net emissions from this proposal are unlikely to be significant

#### **[b] Bristol's vulnerability to the effects of climate change**

The proposals represent a significant area of impermeable surface replacing current open space. Mains drainage capacity in the area is limited and the proposals include holding tanks to provide storm water flow attenuation to acceptable limits.

Pools are heavy users of water, but “grey” water use will reduce the net

volume of mains water required.

The plaza design includes a large amount of tree planting which will provide shelter, cooling and shade, and mitigate the effects of storm-water run-off.

**[c] Consumption of non-renewable resources?**

There is substantial use of building materials. However, BREEAM gives credit for use of low-impact materials, and the design is set to minimise life cycle costs.

**[d] Production, recycling or disposal of waste**

The proposal will create waste through its construction, and then during its operation. The bid exceeds BREEAM “excellent” which includes requirements to minimise construction waste. There is now a statutory duty for all large construction projects to implement a site waste management plan. Planning approval will require provision of comprehensive recycling facilities for site operation.

In addition, the bidder proposes to achieve ISO14001 which will require on-going monitoring of waste production, and continual environmental improvement.

**[e] The appearance of the city?**

The building will be prominent at the end of the boulevard accessing Phase 1 of Hengrove Park and from the park itself. The plaza is intended to be a heavily used public space. Officers believe that the design will be a very positive contribution to the appearance of the city.

**[f] Pollution to land, water, or air?**

There is a risk of pollution of materials such as chemicals and oils during construction, and also chemicals during operation. These risks can be minimised by the adoption of an environmental management system - Bristol Active is proposing to implement ISO14001.

**[g] Wildlife and habitats?**

Construction and operation of the site may disturb wildlife and habitats. BREEAM requires that an ecological management plan is implemented.

Checklist completed by: R Mond (CLS) extn 23695 July 08  
verified by: Environment and Sustainability unit.