

Enquiries to:  
Committee Services

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Date: 21st July 2023

Dear Sir/Madam,

**Cabinet – 26<sup>th</sup> July 2023**

I refer to Item 20 'Any Other Items' on the Agenda for Cabinet scheduled for Wednesday, 26<sup>th</sup> July 2023 and attach copy of the 'Bedworth Physical Activity Hub Update' Report.

Yours faithfully,



BRENT DAVIS

Chief Executive

## Report Summary Sheet

**Date:** 26<sup>th</sup> July 2023

**Subject:** Bedworth Physical Activity Hub Update

**Portfolio:** Public Services (Councillor S. Markham)

**From:** Assistant Director - Recreation & Culture

### Summary:

This report provides Cabinet with a Leisure Development update in relation to Bedworth Physical Activity Hub (BPAH) following the project being 'Paused' after notification from the selected contractor that the revised cost to deliver the project are now detailed at being just under £34M.

### Recommendation:

1. That delegated authority be given to the Strategic Directors for Economy & Transformation and Finance and Governance in consultation with the Assistant Director for Recreation & Culture and the Portfolio Holder for Public Services & Environment & Health, to formalise contractual terms to construct a new pedestrian crossing point in Bedworth and a new connecting footpath into the Miners' Welfare Park.
2. That delegated authority be given to the Strategic Director - Public Services, in conjunction with the Cabinet Member for Public Services and the Cabinet Member - Finance and Corporate, to seek/apply for any other appropriate sources of funding to support the BPAH project.
3. That Officers bring back a further update report to advise of outcomes of discussions with existing funding partners, delivery of the BPAH and if applicable any applications that may have been made for any other appropriate sources of funding.

### Options:

- a) Accept the recommendation/s in full.
- b) Do not accept the recommendation/s.
- c) Request additional information.

**Reasons:**

The Council at this time cannot afford any additional prudential borrowing to the value to meet the shortfall in the project costs. Further borrowing will expose the Council to a significant risk given the current financial strain the authority is under to provide a balance budget and its Medium-Term Financial Planning strategy (MTFP).

The delivery of the new crossing is part of the outcomes required for the LUF submission. Funding to support this delivery has been received.

**Consultation undertaken with Members/Officers/Stakeholders**

Chief Executive, Strategic Director - Finance and Enterprise and Public Services, Leader of the Council and Portfolio Holder - Public Services.

**Subject to call-in: Yes**

**Ward relevance: Poplar**

**Forward plan: Yes**

**Building A Better Borough Aim 1: Live**

**Priority 1: Promote residents' health and wellbeing**

**Relevant statutes or policy:**

Contract Procedure Rules (CPR's)  
Procurement & Accounts Payable Strategy  
Leisure Facilities Needs Assessment Strategy

**Equalities Implications:**

No direct equal opportunities implications

**Human resources implications:**

None at this time.

**Financial implications:**

The total project costs initially identified at £27.5M in March 2022, have now risen to £34M due to many changes worldwide and the impact this has had on utilities, inflation, and construction and supply chains etc.

The Council have secured £2M funding from Sport England not yet drawn down, that is required to be utilised in the 23/24 financial year. Any changes to this timescale will require further consultation and formal agreement.

The £14.95M secured from LUF, has commenced draw down of funds to undertake work required from 1st October 2021 in delivering RIBA Stage 4a and 4b and some additional ground investigation works prior in readiness for Stage 5. Discussion with DLUHC have taken place in relation to phasing the project at this time, and delivery of the pedestrian toucan crossing element of the project.

**Health Inequalities Implications:**

The adopted Leisure Facilities Needs Assessment Strategy supports the Council's Building a Better Borough in improving health and wellbeing by providing opportunities and facilities for residents to access and take part in physical activity at all levels across the Borough.

**Section 17 Crime & Disorder Implications:**

The increase or provision of new facilities or different leisure pursuits will give opportunities for more residents to take part in physical activities.

**Risk management implications:**

Whilst the capital costs of the BPAH have increased significantly, the Health Outcomes associated with the project are desperately needed in the Borough and cannot be achieved if the project does not proceed. It is these Outcomes that have secured the external funding.

Any changes to scope or design of the project would be subject to approval from DLUHC, Planning and funding partners.

**Environmental implications:**

None at this time.

**Legal implications:**

Future procurement in accordance with this procurement process and the Council's Contract procedures Rules (CPR's) will be followed.

**Contact details:**

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## **AGENDA ITEM NO: 20**

### **NUNEATON AND BEDWORTH BOROUGH COUNCIL**

**Report to:** 26th July 2023

**From:** Assistant Director - Recreation and Culture

**Subject:** Bedworth Physical Activity Hub Update

**Portfolio:** Public Services (Councillor S. Markham)

#### **Building A Better Borough**

##### **Aim 1: Live**

##### **Priority 1 : Promote residents' health and wellbeing**

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#### 1. Purpose of Report

- 1.1 This report provides Cabinet with a Leisure Development update in relation to Bedworth Physical Activity Hub (BPAH) following the project being 'Paused' after notification from the selected contractor that the revised cost to deliver the project are now circa £34M.
- 1.2 The report provides an update and delivery for moving elements of the project forward.

#### 2. Recommendation

- 2.1 That delegated authority be given to the Strategic Directors for Economy & Transformation and Finance and Governance in consultation with the Assistant Director for Recreation & Culture and the Portfolio Holder for Public Services & Environment & Health, to formalise contractual terms to construct a new pedestrian crossing point in Bedworth and a new connecting footpath into the Miners' Welfare Park.
- 2.2 That delegated authority be given to the Strategic Director - Public Services, in conjunction with the Cabinet Member for Public Services and the Cabinet Member - Finance and Corporate, to seek/apply for any other appropriate sources of funding to support the BPAH project.
- 2.3 That Officers bring back a further update report to advise of outcomes of discussions with existing funding partners, delivery of the BPAH and if applicable any applications that may have been made for any other appropriate sources of funding.

### 3. Project Background

- 3.1 Since the mid-point of 2022, this project has faced significant capital cost increases associated with construction market conditions and inflationary pressures, and revenue impacts associated with utility and staffing costs, further exacerbated by increased borrowing costs, which have resulted in the Bedworth Physical Activity Hub project pausing at RIBA Stage 4b due to affordability issues. The project team were instructed in October 2022 to undertake a value engineering (VE) exercise to determine where efficiencies in the developed scheme could be made, which was done in co-ordination with the appointed contractor BAM Construction.
- 3.2 The Value Engineering exercise was concluded in December 2022 and included efficiencies made to the external cladding design, a rationalised external scheme and revised drainage strategy. The scheme was then priced by BAM who went out to the market to pressure test all the major works packages with the total cost for scheme being revised at £33.5m (including a £1.4m contingency allowance) which still presented a significant funding gap for the Council.
- 3.3 At Cabinet on 11<sup>th</sup> January 2023, it was recommended that the project be 'Paused' due to increased project costs, with Officers continuing to identify other sources of external funding that could support in delivering the BPAH.
- 3.4 Officers are continuing to explore additional funding sources to support the increased project costs and liaising with current partners.

### 4. Current Status

- 4.1 The construction of the new pedestrian toucan crossing point has received DLUHC approval to commence in advance of commencement of the wider BPAH project. The Council are working with Warwickshire County Council to support delivery of this element of the project. If approved by Cabinet delivery of this element could be completed by the end of Q2 - next year (2024/25).
- 4.2 Despite the value engineering exercises that have taken place and discussions ongoing regarding additional funding sources, the project remains over budget currently and further work for the delivery of the BPAH is required.

### 5. Finance Implications

- 5.1 The total project costs initially identified at £27.5M in March 2022, have now risen to £34M due to many changes worldwide and the impact this has had on utilities, inflation, and construction and supply chains etc.

5.2 The success of the LUF and Sport England applications help reduced the financial risk implications for the Council by reducing the required prudential borrowing element when submitting in June 2021. Due to the increase costs of the project this secured funding now only supports 50% of the project costs. Therefore, a review of the project, costing and all additional funding routes are exploited to support the overall financial position for the Council to make a future decision on.

6. Key considerations / risk

6.1 Whilst the capital costs of the BPAH have increased significantly, the Health Outcomes associated with the project are desperately needed in the Borough and cannot be achieved if the project does not proceed. It is these Outcomes that have secured the external funding.

6.2 Any changes to scope or design of the project would be subject to approval from DLUHC, Sport England and NBBC Planning and any other funding partners.

ENDS

Katie Memetovic-Bye  
Assistant Director - Recreation and Culture

Appendices

None attached

Background Documents

**Bedworth Physical Activity Hub – project delayed**

Cabinet 11 January 2023 - Agenda Item 9 - Minute number CB93