

Report for:
ACTION

Item Number:

Contains Confidential or Exempt Information	No
Title	Gurnell Leisure Centre Update
Responsible Officer(s)	Peter George – Strategic Director for Economy & Sustainability
Author(s)	Kitty Eyre
Portfolio(s)	Cllr Polly Knewstub, Portfolio Holder for Thriving Communities, Cllr Shital Manro, Portfolio Holder for Good Growth and New Housing
For Consideration By	Cabinet
Date to be Considered	7 th February 2024
Implementation Date if Not Called In	19th February 2024
Affected Wards	Pitshanger
Keywords/Index	Gurnell Leisure Centre, Swimming, Housing, Re-Development

Purpose of Report:

To provide an update to Cabinet on progress towards replacing Gurnell Leisure Centre to deliver new, state of the art leisure facilities in line with the Council Plan 2022-2026. This report also seeks Cabinet approval to commence the procurement process for the building contract for the construction of a new leisure, via the procurement of a Pre-Construction Services Agreement. Cabinet approval is also sought to delegate authority to the Strategic Director for Economy and Sustainability to procure and award a development partner for the enabling residential development, which is necessary to part fund the delivery of the new leisure centre.

1. Recommendations for DECISION

It is recommended that Cabinet:

1. Agrees to procure and award a Pre-Construction Services Agreement for the replacement of the leisure centre.
2. Delegates authority to the Strategic Director for Economy and Sustainability, in consultation with the Strategic Director for Resources and the Lead Member for Good Growth and New Housing, to procure and carry out all

necessary processes up to the award of a development agreement for the residential enabling development.

3. Delegates authority to the Strategic Director Economy and Sustainability, in consultation with the Director of Legal and Democratic Services, to take all necessary steps in connection with the procurements outlined in the recommendations above and to enter into any ancillary legal documents required to facilitate the project or protect the Council's interests.

2. Recommendations for NOTING

It is recommended that Cabinet notes:

1. A further report will come forward seeking the award of contract for the building contract for the leisure centre.

3. Reason for Decision and Options Considered

Context

1. Ealing Council has committed to “deliver new, state of the art leisure facilities at Gurnell” (Council Plan 2022-26). In February 2023, [Ealing Council's Cabinet approved the principle](#) of bringing forward a new leisure centre.
2. Gurnell Leisure Centre has historically been the council's flagship leisure facility. The existing facility has been closed since the outset of the Covid-19 pandemic, initially due to the pandemic itself and subsequently due to the building's declining state and associated health and safety concerns. However, the council has a strong track record of investing in high-quality leisure centres across the borough. These centres include the Everyone Active Acton Centre and the Northolt Leisure Centre. The new Gurnell Leisure Centre will be the latest example of this.
3. There are three strands to the new masterplan; the delivery of a new state-of-the-art leisure centre, an enhanced and rejuvenated parkland and enabling residential development to partly cross-fund the new facilities.
4. The new leisure centre is envisaged as a hub for the community, providing a place for people of all ages to exercise, relax and socialise. The overarching objective for the leisure centre is to make it a place to encourage healthy and fulfilling lifestyles for Ealing borough residents. In pursuit of this objective, the new leisure centre will include a new swimming pool and improved gym. There will also be a range of other facilities for people of all ages and abilities to enjoy including a climbing wall, soft play areas, meeting and party rooms, and a new café.
5. The new leisure centre will be situated within the site's parkland setting. Enhancements will be made to the surrounding green space and landscaping, as

well as the reprovision of the pump track and skate park. There will also be a new outdoor gym and designated play areas. This will create an indoor and outdoor leisure experience to be enjoyed by all of Ealing's residents.

6. The site will also encompass new homes. The delivery of new homes on the site will help fund the new leisure centre and provide much needed housing for Ealing Borough residents.
7. By combining leisure, the surrounding parkland environment, and appropriate housing into one sustainable masterplan, the council is committed to creating a truly unique destination for the Borough.

Vision and Ambition

8. The vision for Gurnell has been articulated through stakeholder engagement and consultation with the public and internally.

The new Gurnell leisure centre will form the centrepiece of Ealing's leisure quarter. Combining top-class facilities and a delicious new eatery set within beautiful landscaping – you'll come for a workout and stay for the day!

9. This vision is underpinned by the following principles:
 - Community** – creating a healthy and inclusive community for a wide range of users and residents both new and existing.
 - An inclusive park for all ages and abilities
 - Affordable homes and community spaces
 - Part of the park** – improving access to open space and protects and enhances wildlife corridors and green spaces.
 - A recreational forest within the parkland providing biodiversity and ecological value
 - Green pedestrian streets that promote play
 - Nature based above ground drainage strategy to protect against flood risks
 - Sustainability** – holistic approach to sustainability that creates a renewable, nett zero carbon and low-cost legacy.
 - Improved pedestrian access to the site
 - The reuse of existing materials from the existing leisure centre
 - Fossil free energy sources

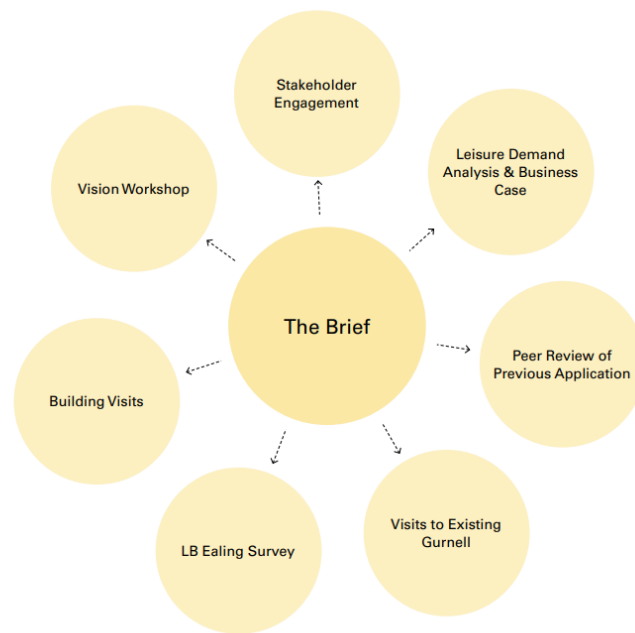
Project Progress

10. Since the February 2023 Cabinet Paper was approved, following call-in for consideration by the Overview and Scrutiny Committee, in consultation with the public and stakeholders, the project has been substantially progressed and a planning application will shortly be submitted.
11. The council has appointed a specialist team to help realise the vision for the new leisure centre, enhanced parkland and residential development. The team was

initially focused on finalising the brief for the masterplan. Decisions on the final brief were based on a number of factors including lessons learnt from visiting other exemplar leisure centres, such as Britannia Leisure Centre in Hackney and St Sidwell's Point Leisure Centre in Exeter, detailed stakeholder engagement with user groups, such as the Ealing Skatepark Association and the Ealing Swimming Club and a review of leisure demand analysis.

Our Approach

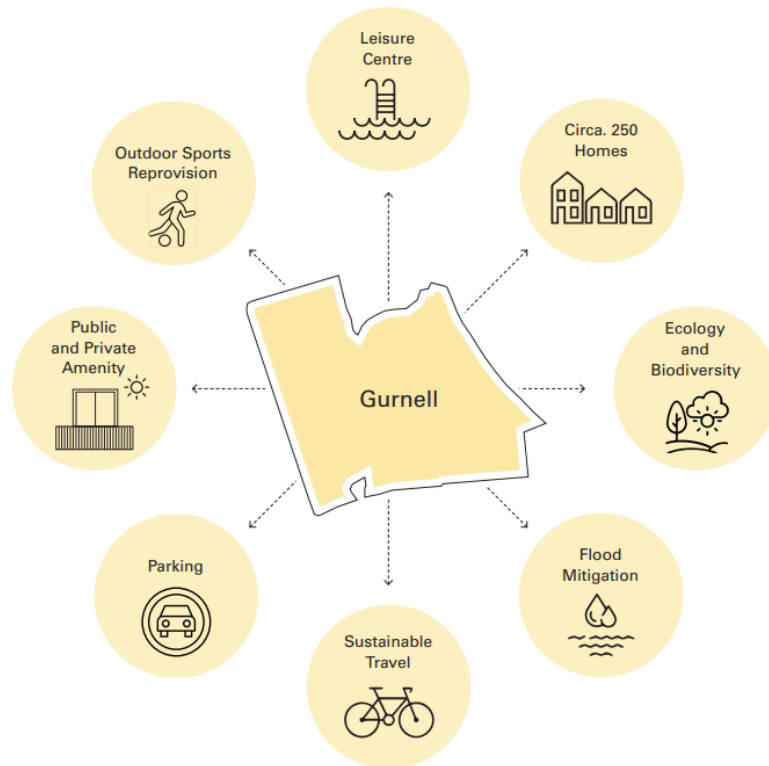
Where has the Brief come from?



12. The final masterplan brief sets out the core ingredients that must be provided within the new Gurnell site.

Masterplan

What do we need to provide?



13. This brief has been used to guide the further development of concept designs for the leisure centre, parkland and residential development. More detailed designs will be shared with the public in advance of the submission of a planning application for the masterplan in Spring this year.
14. All of the work to date has been underpinned by feedback from local stakeholders and community members. The Gurnell Sounding Board has met again to provide feedback on the updated masterplan brief and to brainstorm future engagement plans for the project. In addition, an initial public meeting was held, attended by approximately 50 residents, to share early plans and gather feedback. All of this engagement is designed to ensure that the future leisure centre meets the needs of residents for generations to come.
15. In addition to this public engagement, the project team has consulted with Ealing's Design Review Panel, made up of leading professions in the built environment sector, and the Ealing Community Review Panel, made up of local people with a passion for and knowledge of Ealing. The insights from both these panels have been reflected in updated designs.
16. In addition, the project team has engaged with the Council's pre-application services, whereby early-stage proposals are shared with planning officers for review and advice. To date, four pre-application meetings have taken place, incorporating feedback from internal teams including planning, transport and highways, and flooding.

17. There will be significant additional engagement in advance of the submission of a planning application, including:
- Additional review sessions with the Design Review Panel and with the Community Review Panel
 - A 'meet the team' public drop-in event.
 - Pop-ups at each of Ealing's three main leisure centres: Northolt Leisure Centre, Dormers Wells Leisure Centre and the Everyone Active Acton Centre.
- The purpose of this engagement is to ensure as many future leisure centre users as possible have the opportunity to provide feedback. This feedback will help the council to design a leisure centre that best meets the needs of Ealing Borough residents.

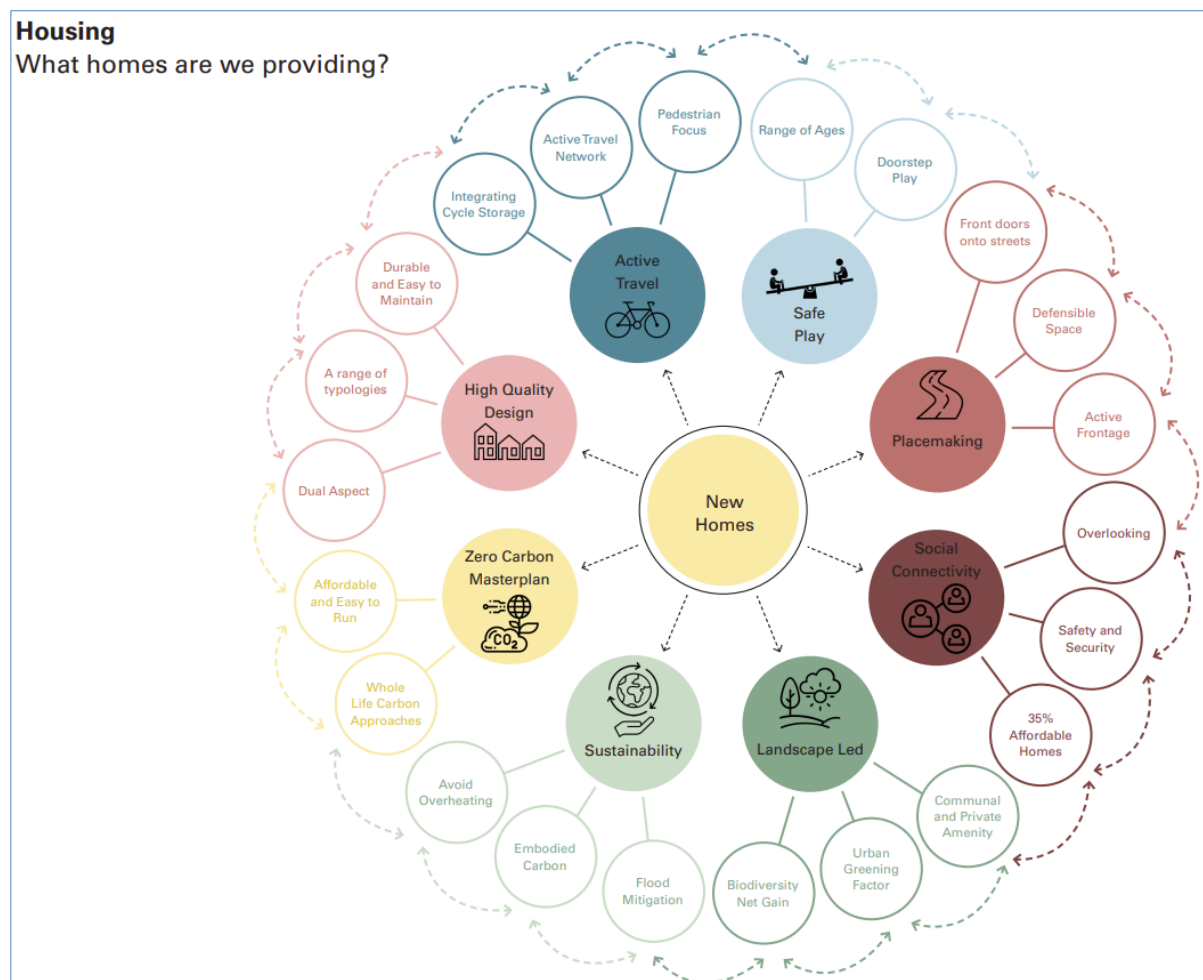
The Leisure Centre and Park

18. Since the February 2023 Cabinet meeting, the design for the leisure centre has been progressed and the mix of leisure and wellbeing facilities has been finalised. The leisure centre designs are underpinned by three key themes:
- Healthy community - make it a place to encourage healthy and fulfilling lifestyles for Ealing borough residents
 - Generational imprint – maintain a strong sense of local identity and belonging
 - Part of the park – celebrate the natural setting and integrate with the parkland surroundings.
19. As a result of additional engagement, a review of other exemplar leisure centres and further information on leisure demand in the borough, a decision was made to pursue an 'enhanced' brief for the leisure centre. Under the enhanced brief the new leisure centre will benefit from a larger leisure pool, including additional flumes and play equipment and a larger fitness suite area. This will ensure that the new leisure centre can keep pace with demand and provides the mix and quantum of facilities needed by Ealing borough residents.
20. An estimated £4.5m additional capital would be required to finance these changes. The additional revenue associated with the enhanced leisure brief averages at £297,000 per annum over the contract period and hence self-finances (approx. 15-year payback period, excluding interest charges).
21. The plans also include significant enhancements to the parkland surrounding the current leisure centre, to make it an indoor and outdoor destination for all. The enhanced parkland will include a re-provided playground, pump track and skate park, designed in consultation with Ealing Skate Club, as well as a new outdoor gym. There will also be improved wayfinding and routes through the park, to ensure improved accessibility to the new leisure centre. In addition to this, a programme of tree planting will take place, creating a unique woodland setting that enhances biodiversity.

The Enabling Residential Development

22. Since the February 2023 Cabinet meeting, the designs for the enabling residential scheme have been progressed. An optimised scheme in regards to height and density is being targeted in line with the strategy approved by Cabinet.

23. The homes provided will meet the following principles:



4. Key Implications

Leisure centre construction contract procurement

24. The council will submit a detailed planning application for the leisure centre as part of the overall planning application.

25. The recommended procurement route for the delivery of the leisure centre is Design & Build via a Two-Stage tendering process. The proposed route to market is to use a framework agreement. Alternative procurement routes have been assessed (please see Appendix 1 for additional information) including traditional, Design & Build (single stage), Design Build Operate and Maintain against set criteria of time, risk and quality. A Design & Build Two-Stage tender process

would provide the council with greater control over the scheme, and subsequently quality, whilst being lower risk to the council as compared to the other options and would be a shorter timescale than under a Design Build Operate and Maintain contract. On this basis, a Design & Build Two Stage tender process was deemed most appropriate.

26. Under a Design & Build Two-stage tender process the contractor is appointed at an early stage under a Pre-Construction Services Agreement (PCSA). This allows both the contractor and their chosen designer / suppliers to use their expertise during the design development process, ensuring design quality is the focus of the process.
27. The first stage of the procurement process which results in the award of the PCSA requires contractors to competitively tender for preliminaries costs and overheads and profit allowances. The PCSA is awarded to the successful bidder. Once the design has been developed to an agreed RIBA work stage the contractor is asked to bid a fixed contract price for undertaking the construction work. Subject to the council being satisfied that the bid represents value for money, it will enter into a building contract and the contractor who will then undertake the remainder of the detailed design, construction, installation and commissioning work.
28. This Cabinet paper is requesting authority to commence with the Design and Build Two-Stage tender process and to enter into a PCSA with a selected contractor. Following the second stage of the tender process and receipt of a fixed price offer, a further report will be brought to Cabinet requesting authority to enter into contract with the recommended contractor for the construction of the leisure centre along with the necessary budget and financing approvals.

Development Agreement for the Enabling Residential Development

29. The council will submit an outline planning application for the residential development as part of the overall planning application. The delivery of homes on this site will contribute towards the council's 4,000 genuinely affordable homes target and deliver a capital receipt to part fund the leisure centre.
30. The council has undertaken an options analysis of the preferred means of delivering the enabling residential development. The options analysis (please see Appendix 2 for additional detail) assessed the financial risk, financial return, level of control, resource requirements and delivery timescales associated with different delivery models. A Development Agreement with outline planning permission was determined to be the most appropriate model on the basis that it would have lower resource requirements, delivery timescales and financial risk than some of the other models assessed, whilst still providing an acceptable level of control and financial return.
31. The recommendation is therefore to procure a developer to deliver the enabling residential development via a Development Agreement once an outline planning permission is in place. The procurement process will comply with the relevant

procurement legislation and the development will be built in accordance with the outline consent submitted to planning.

32. On the basis of the above, this Cabinet paper is recommending to delegate authority to the Strategic Director for Economy and Sustainability, in consultation with the Strategic Director for Resources and the Lead Member for Good Growth and New Housing, to procure and carry out all the necessary processes up to the award of a development agreement for the residential enabling development.

Award of budget to progress to the next stage of the project

33. In March 2016, Cabinet approved a capital contribution of £11.9m towards the secondary fit-out phase of the project under the previous scheme. This budget is currently in the council's approved Capital programme.

34. £2.5m of this budget has been allocated towards the early design stages of design development following the completion of a Feasibility Study as approved in the February 2023 Cabinet paper. A further £5.344m of this approved budget will be allocated towards the activities required for the next stage of the project. This budget will cover the following activities:
- Progressing the project to RIBA Stage 4
 - Undertaking the Leisure Centre procurement process
 - Undertaking the Residential Enabling development procurement process
 - The costs of demolition of the existing leisure centre building
 - Additional project costs: surveys, stats, council direct costs (e.g. capitalised salaries)
 - Contingency, which is a risk allowance of 5%.

Item	Design stage / item	January 2024 forecast
1	RIBA stage 2+	£670,276
2	RIBA stage 3 - spatial co-ordination	£571,218
3	RIBA stage 4 - technical design	£1,145,286
4	RIBA stage 4b	£281,363
5	Demolition	£1,000,000
6	Survey costs	£252,000
8	Ealing direct costs	£320,000
9	Development Agreement fees	£300,000
10	PCSA costs	£550,000
11	Contingency 5%	£251,007
	Total	£5,344,651

Progressing the project to RIBA Stage 4

35. The above table provides an estimate of fees for stages 2+, 3 and 4 under items 1-4. The stage 2+ and stage 3 test are known in detail. The fees for stage 4 are an estimate made by the project team.

Costs of demolition

36. The demolition cost includes the contract price for the demolition contract, a contingency allowance and an allowance for the main contractors enabling work. These costs are encompassed under item 5 in the above table and are based upon a pretender estimate for the inclusive project cost to the value of £1,000,000.
37. Tenders have been invited to appoint a demolition contractor with returns due back on 26 January 2024 and award of contract anticipated on or around 01 March 2024 with demolition works commencing thereafter. Based upon pre-tender estimates the demolition contract is anticipated at up to £1,000,000.

Undertaking the Leisure Centre procurement process

38. The costs of the leisure centre procurement process are reflected in item 10 PCSA costs. This £550,000 sum figure is a projection of the contractor's PCSA costs inclusive of design and supply chain pricing activity.

Undertaking the Residential Enabling Development procurement process

39. The process of procuring a developer to deliver the enabling residential development via a Development Agreement is complex and requires sufficient resources to ensure that the council can agree the best possible commercial terms. Therefore, the council needs support from property consultants and solicitors. It is estimated that the total costs of this process would be within £300,000 – represented by item 9 in the cost plan. There is an option to recoup these costs at the point that the Development Agreement is signed.

5. Financial

1. As outlined above, £5,344,651 of the previously approved budget of £11.9m (financed from council borrowing) will be allocated towards implementing the next stage of the project, inclusive of £1m to demolish the existing leisure centre. The annual revenue cost of financing £5.3m of capital expenditure financed by borrowing is expected to be c£300k per annum. In total, including the proposals in this report, total commitments against this budget are £7.8m. This budget was to be financed from council borrowing which would come at an estimated annual revenue cost of £470k.
2. The financial risks relating to this and the previous Cabinet decision is that the costs committed to date and the proposed costs as a result of this decision are abortive if the scheme does not proceed. If the scheme does not proceed then the capital costs to date associated with the scheme will need to be written off the revenue (likely met from council reserves). Taking into account the previous decision and this decision, the total maximum write off would be

£7.8m, although costs would be reviewed at that stage to understand whether they could continue to be capitalised such as the planning costs and demolition costs which are likely to increase the value of the site. The risk of abortive costs will be mitigated through our internal gateway process; at the end of each RIBA stage there will be a gateway review whereby a decision is taken as to whether to progress the project. This will prevent the project progressing to the next stage without approval, in effect mitigating against the accrual of abortive costs.

3. At this stage the total scheme capital budget and financing has not been identified or approved and therefore there is a risk that the scheme will not be able to proceed if funding can not be identified and the scheme is considered unaffordable. The council will not award the contract for the construction of the leisure centre unless and until the funding has been identified and approved by Cabinet. The council will not complete the disposal of the enabling residential development via a Development Agreement unless and until the council has made the decision to award a contract for the construction of the leisure centre.
4. There are additional capital costs associated with the landscaping, which includes landscaping, including the re-provision of leisure facilities, flood mitigation and park land improvement works for which a further decision will be required.
5. In accordance with the February 2023 Cabinet Paper, the costs of the replacement of the leisure centre and landscaping will be met from a combination of grant funding, Section 106 contributions, leisure income, capital receipts and council borrowing. In regards to grant funding, a working group has been set up consisting of representatives from the consultant team and colleagues across the Leisure and Major Projects. The purpose of this group is to stay abreast of potential grant funding opportunities and, in the circumstances where the Gurnell project meets the funding criteria, submit expressions of interest and bids.
6. A paper setting out the overall funding strategy will be provided once the planning permission has been decided and the procurement exercises for the leisure centre and enabling residential development have been progressed to a stage where the project can commence to the construction phase. The next stages of the procurement process will only proceed once the funding plan has been approved and is demonstrably affordable, including any enabling development capital receipts. A further update to Cabinet will be provided in due course, identifying additional sites for enabling development and setting out next steps.

5. Legal

The Council will need to comply with the Contract Procedure Rules and the procurement regime which is in place when the procurements commence. The Procurement Act 2023 comes into force in October 2024. Public procurement is currently regulated by the Public Contracts Regulations 2015. Under both

regimes, it is permissible to undertake a negotiated procedure as recommended for the residential developer procurement.

6. Value For Money

1. The existing leisure centre is considered to be at end of life and renovating it would offer poor value for money and hence Cabinet agreed in February 2023 that it should be demolished. The existing leisure centre has historically also operated at a deficit and has required a subsidy by the council.
2. The management and operation of the council's leisure centres is currently contracted to Everyone Active under an operator contract which runs until 31st August 2025. This contract generates a surplus which is payable to the council. Based upon revenue projections for the replacement Gurnell Leisure Centre, a new centre at the specification proposed would significantly increase the value of the management fee paid by the operator to the council. The additional surplus will contribute towards its own build costs. The proposed enabling housing development will directly contribute to the capital costs of the scheme and thereby reduces the level of council borrowing necessary to realise a new Leisure Centre.
3. The procurement process to identify a development partner for the enabling residential development and for the construction contract for the leisure centre have been evaluated to identify savings and efficiencies to ensure the procurement process represents value for money.
4. At the end of design stage 3 & 4 there is a cost review process. There is an opportunity to instruct cost savings at each of these stages. This in turn may reduce consultant fee costs in stages 5 & 6.

7. Sustainability Impact Appraisal

1. As a GLA referable application, the masterplan scheme will be required to meet a number of sustainability requirements under the new London Plan. The brief for this project is for an exemplar sustainable Leisure Centre and masterplan.
2. The Leisure Centre will meet London Plan sustainability requirements. This represents a considerable operational carbon savings as compared to the existing leisure centre or 'business as usual'.

8. Risk Management

Some design risk remains in RIBA Stages 3 and 4. The risk register and costed risk register identify items that could have programme and cost implications.

Particular risk items and associated mitigations include:

Theme	Item	Mitigation
Planning	Risk associated with development on MOL	Early engagement with the Local Planning Authority via the pre-application service to ensure proposals best conform with planning policy.
Cost	Increased costs as the design develops over RIBA Stages 3 and 4	Tight brief, with early warnings to identify potential scope creep.
Cost	Risk that the PSCA ITT returns higher than forecast	There is the opportunity to restart the procurement process if it is felt that the PSCA ITT return does not represent value for money.
Infrastructure	Insufficient electricity capacity to service the leisure centre and residential development	Early conversations with SSE to identify risks and opportunities. Design measures implemented to minimise energy demands.
Programme	Fast programme means there is limited scope for unforeseen delays	Experienced project team and sufficient resource dedicated to the project to minimise risk of delays. Early warning system in place to highlight potential delays and give project team the opportunity to avert them.

9. Community Safety

None.

10. Links to the 3 Key Priorities for the Borough

The council's administration has three key priorities for Ealing. They are:

- fighting inequality
- tackling the climate crisis
- creating good jobs.

Fighting inequality

The proposals would contribute to a number of council objectives in relation to health and wellbeing benefits from leisure and recreation and would be a community facility accessible to all. It would provide a secondary benefit in relation to housing provision including contributing towards genuinely affordable homes.

Tackling the climate crisis

A replacement leisure centre would operate to current design standards including meeting the London Plan and would have a substantially reduced operating carbon footprint as compared to the existing centre.

Creating good jobs

The proposals would generate employment opportunities both during the construction / delivery phase as well as during the scheme's operational life.

11. Equalities, Human Rights and Community Cohesion

An updated EEA has been submitted as part of the Cabinet report pack.

12. Staffing/Workforce and Accommodation implications:

None.

13. Property and Assets

This report relates to development on land owned by the council and redevelopment of an existing asset. In disposing of land, the council is required to obtain best consideration under section 123 of the Local Government Act.

14. Consultation

Included in the above report.

15. Timetable for Implementation

Key event	Expected deadline
Submission of planning	Spring 2024
Award of leisure construction contract	Summer 2024
Start on site	Early 2025
Leisure completion	Spring 2027
Enabling residential completion	Spring 2028

16. Appendices

Appendix 1 – Leisure Centre Construction Procurement Strategy

Appendix 2 – Residential Procurement Strategy

17. Background Information

[February 2023 Cabinet Report](#)

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Russell Dyer	Head of Accountancy	21/12/2023	09/01/2024	
Katherine Ball	Finance Manager, Capital and Projects	21/12/2023	08/01/2024	
Alice Rowland	Head of Legal (Commercial)	21/12/2023	08/01/2024	5. Legal
Chris Bunting	Assistant Director for Leisure	18/12/2023	20/12/2023	
Adam Whalley	Assistant Director Capital Investment Programme	18/12/2023	20/12/2023	Throughout
Emily Hill	Strategic Director for Resources	08/01/2024	10/01/2024	Throughout
Peter George	Strategic Director for Economy and Sustainability	03/01/2024	03/01/2024	Throughout

Report History

Decision type:	Urgency item?
Key decision	Yes
Report no.:	Report author and contact for queries:
	Kitty Eyre, Senior Project Manager, eyrek@ealing.gov.uk