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Dear Councillor

**CABINET - TUESDAY, 19TH DECEMBER, 2023**

I now enclose, for consideration the following reports that were unavailable when the agenda was published.

**Agenda No    Item**

12.    **Southwell Leisure Centre Pool Works (Key Decision)** (Pages 2 - 9)



Report to: Cabinet Meeting – 19 December 2023

Portfolio Holders: Councillor Susan Crosby, Health, Wellbeing & Leisure  
Councillor Paul Peacock, Strategy, Performance & Finance

Director Leads: Sanjiv Kohli, Director - Resources/Deputy Chief Executive  
Suzanne Shead, Director – Housing, Health & Wellbeing

Lead Officer: Mark Eyre, Business Manager - Corporate Property, Ext. 5440

Report Summary	
<b>Type of Report</b>	Open Report, Key Decision
<b>Report Title</b>	Southwell Leisure Centre Works Update – Main Pool
<b>Purpose of Report</b>	<ol style="list-style-type: none"> <li>1. To update Members on the outcome of investigation works to the main pool with a summary of repair and replacement options with costs.</li> <li>2. To provide an update on the works being carried out to areas outside of the swimming pool wet side areas known as ‘dry side’.</li> </ol>
<b>Recommendations</b>	<p>That Cabinet:</p> <ol style="list-style-type: none"> <li>1. Note the progress of works to the dry side;</li> <li>2. Approve the continued closure of the main pool;</li> <li>3. Approve the additional revenue budget of £12,300 from the Change Management Reserve to fund the engineered solution to safeguard the structure of the main pool as set out in section 2.5(d) of the report;</li> <li>4. Note that the learner pool would continue to operate;</li> <li>5. Note the continued arrangements to support users of Southwell main pool to swim at other venues;</li> <li>6. Approve in principle, the option of developing a new swimming facility (main pool, teaching pool plus associated changing facilities) on land adjacent to the current Southwell leisure centre, as set out in section 2.5(c)(2) of the report subject to detailed feasibility being undertaken and agreement of land transfer with the current landowner(s); a further report being brought back to Cabinet for approval as soon as practicable;</li> <li>7. Approve the capital budget of £5.5m financed by borrowing for the estimated build cost of the replacement pools as set out in 2.5(c)(2) of the report</li> </ol>

	<p>noting that reports will be brought to Cabinet on revised estimated costs as the feasibility project progresses;</p> <p>8. Approve a revenue budget of £25,000 from the Capital Feasibility Reserve to carry out design works to RIBA Stage1 for a new Leisure Centre which incorporates the new pool building; the design works to be procured on in principle agreement of land transfer to the Council; and</p> <p>9. Request officers to work up options, costings and methods of finance for the replacement pools to form part of aspirations for a wider development of a new leisure centre on the site, in conjunction with partners and relevant landowners.</p>
<b>Alternative Options Considered</b>	All of the alternative options are detailed in section 2.5 of this report.
<b>Reason for Recommendations</b>	To provide a long- term, value for money solution for the provision of swimming and other leisure centre activities at Southwell

## **1.0 Background**

- 1.1 Members previously received a report on the 31 October Cabinet this year which summarised the chronology of transferring management responsibility for Southwell Leisure Centre from Southwell Leisure Centre Trust to Newark and Sherwood District Council.
- 1.2 The report submitted in October this year also gave a summary of the works required to bring the leisure centre up to a standard which would allow occupation to continue at the centre for the short term. This was centred around three areas; fire safety, building fabric and pool works. The report updated members on the closure of the main pool for a period of four weeks to assess the severity of water leaks, identify possibly causes and any options for remediation.
- 1.3 Since the closure of the main pool, Active4Today have not collected any income from customers whose primary membership usage is within the main pool e.g. swimming membership and children’s main pool swimming lessons.
- 1.4 Currently these users are able to use the swimming pools at Dukeries and Newark free of charge, for lane swimming and public swimming, due to the current closure of Southwell’s main pool. In the event the main pool is to remain permanently closed, the Company would review this current arrangement, with a view to resuming the collection of income from members, if they chose to move to one of the above pools on a regular basis. In the event they wish to cancel their membership, this would be agreed

at no charge. The figures in the financial implications section have been calculated based on this approach going forwards.

## **2.0 Pool investigation outcomes and dry side works update**

2.1 During the closure period of the main pool water level measurements were recorded on a regular basis to calculate the loss of water to the pool. Corporate Property also undertook a number of investigations including commissioning dye tests around the pool surrounds to ascertain if the pool tank/structure itself was the cause of the leak and also a full camera survey of the pipework serving the pool.

2.2 This concluded that, prior to draining the pool for the CCTV survey of the filtration pipework, the pool levels were dropping by 8750 litres / 1925 gallons per day. The total capacity of the pool during normal operations is circa 438,000 litres so this represents a drop in percentage terms of 2% per day. The Southwell Leisure Centre was filled up to its optimum level on the morning of Monday 30th October 2023 and monitored for a period of two weeks. A summary table of the readings is below:

<b>Date</b>	<b>Drop in water level since the last inspection (mm)</b>	<b>Number of days since the last inspection</b>	<b>Amount of water lost since the last inspection (litres)</b>	<b>Running total percentage of pool water lost (%)</b>
Tuesday 31 <sup>st</sup> October 2023	37mm	1 day	9,250 litres	<b>2.11%</b>
Wednesday 01 <sup>st</sup> November 2023	35mm	1 day	8,750 litres	<b>4.11%</b>
Friday 03 <sup>rd</sup> November 2023*	60mm	2 days	15,000 litres	<b>7.55%</b>
Monday 06 <sup>th</sup> November 2023	107mm	3 days	26,750 litres	<b>13.68%</b>
Tuesday 07 <sup>th</sup> November 2023	39mm	1 day	9,750 litres	<b>15.91%</b>
Friday 10 <sup>th</sup> November 2023	90mm	3 days	22,500 litres	<b>21.07%</b>
Monday 13 <sup>th</sup> November 2023	90mm	3 days	22,500 litres	<b>26.23%</b>

The pool was unused during this time and therefore no water was removed by pool users, with only a small amount of loss through natural evaporation.

\*(**Please Note:** that the pool was 'topped-up' using a hosepipe by Leisure Centre staff on Friday 03<sup>rd</sup> November 2023 to clear an air lock in the filtration system. This may have caused an impact on the results of these measurements).

2.3 The findings of the period of investigation have clearly shown a sizeable leak in the pool with a water loss which has been described as beyond the average for this type and size of pool by an extreme margin. Operating the leisure centre main pool in its current state is therefore not a viable or acceptable option.

2.4 The type of investigations into the cause of the leak included pool dye tests and camera surveys of the pipework serving the pool. The dye test results involved injecting dye into a number of areas of the pool surrounds to check for any areas of water escaping. This set of tests concluded that there were no signs of water loss from within the pool surrounds. Further investigations included a camera survey of the pipework serving the pool and the plant equipment. A similar survey was carried out in 2015 by the Southwell Leisure Centre Trust and showed signs of heavy corrosion and degradation of the pipework which was installed as part of the original construction in the 1960s. This new survey showed very clearly that the pipework was heavily corroded and was highly likely to be the cause of the leaks to the pool.

## 2.5 Pool leak remediation options:

### a) Sleeve The Existing Pipework.

There were three companies approached to undertake this work and all have confirmed that they could not sleeve such badly degraded pipework. One further company has been approached and the company is willing to undertake the works but, on the basis they are not liable for the failure of the pipework during the cleaning process. If costs are acceptable and it is decided to proceed with this approach, it is recommended to agree a fee for 2 days of exploratory cleaning so the likelihood of success can be determined. If after the two days the cleaning process has not damaged the pipework, then the rest of the works can be undertaken.

This option must only be considered on the understanding that the cleaning process could, at any stage, cause a complete failure for the pipework.

The process to commission the company, install a safety structure to secure the pool structure and clean and line the pipework will take **circa two months**.

Budget costs estimated for this option are circa **£50,000**.

This option has been discounted due to unacceptable risk of failure of the pipe lining and the risk of failure of other elements of the pool which are near to life expiry.

### b) Lining the pool and installing new pipework infrastructure underneath.

Corporate Property have requested a fee quotation to undertake a full pool re-lining with new pipework from Asher Swimpool Centre Limited. The length of time this option will take to do is currently estimated to be around 24 weeks (impacts on management fee contribution). It is unlikely these works can commence until the middle to end of Spring. The structural engineer has raised concerns about the water table having a detrimental effect on the integrity of the pool if left empty with a high-water table. Accurate costs for the building work in connection with this option are not able to be determined until a package of intrusive investigations works are completed. The requirement for 2no. boreholes externally to the pool are required, as well as 4no. trial pits internally. Following the works, the pool will have approximate 16.0m constant slope from a water depth of approximately 970mm at the shallow end to 1.8m water at the deep end there will then be a 10m long flat deep end at approximately 1.8m water depth.

A budget cost estimate has been produced, including the Asher pool cost to the sum of **£645,435,00**. This is made up of the Asher Pools, fee, investigation works,

construction of the access into the pool, building work required to install the new lining and pipework, reinstatement of pool sides, professional fees, and a contingency. **Total timescales for this are circa 12 months**, due to the works taking 24 weeks but being unable to start until Spring 24.

This option has been discounted on the grounds of value for money due to the level of investment and the timescale involved in the context of the limited lifespan of the leisure centre building.

c) **1) Close the main pool and rebuild a replacement main pool building.**

Costs for this option have been sought from a pool construction company and these have arrived at circa **£4.5m**. This option is dependent on securing a land deal with neighbouring owners of the site on which a replacement pool could be built. It is also estimated without any ground investigations and limited site constraints review so an element of further feasibility work would be needed to firm up the costs and potential operational management of a new pool building which can link to the current leisure centre but also, critically, consider future links to a new leisure centre facility (if approved). **Total timescales for this are approx. circa 24 months.**

This option has been discounted as although it would cost less it is not desirable in the longer-term to have swimming pools in two different locations. Operationally this is not preferred and costs for adding a new learner pool building adjacent would be higher than combining the two facilities together from the outset.

**2) Close the main pool and learner pool and replace with a new pool building.**

Costs for this option have been sought from a pool construction company and these have arrived at circa **£5.5m**. This option is dependent on securing a land deal with neighbouring owner(s) of the site on which a replacement pool could be built. It is also estimated without any ground investigations and limited site constraints review so an element of further feasibility work would be needed to firm up the costs and potential operational management of a new pool building which can link to the current leisure centre but also consider future links to a new leisure centre facility (if approved). **Total timescales for this are approx. circa 24 months.**

This is considered to be the preferred option as it will provide the better leisure offer and will better fit a master plan for redeveloping the leisure centre.

As part of the next step for options C1 and C2 above there is a requirement for working up designs to RIBA Stage1 for a new leisure centre which incorporates the replacement pool. This will require a revenue budget of circa £25,000 and will only be progressed on reaching agreement on the transfer of land on which the leisure centre can be built and is the next step for option C1 or C2. The feasibility review will consider the implications of developing a new leisure facility and the options for a sustainable development balanced with a viable business case for the operators of the leisure facility.

- d) **Do nothing (effectively closing the main pool)**– this requires an engineered solution to safeguard the structure of the pool, ensuring it will not collapse if drained and kept empty. WM Saunders have stated if the water level is at 0.88m then there will need to be 88.1 tonnes of ballast added to the pool, or water added to the pool for the depth of the 1.2m in the deep end (up to the top of the steep chamfer). A ground

water monitor is recommended to be installed as part of this solution. Costs to install this solution, including the ballast, a bore hole and water level monitoring equipment would be c. **£12,300**. It is noted, during the site investigations undertaken by WM Saunders, the ground water level was 0.88m below the pool surround slab. This option is rejected in favour of undertaking feasibility for a new leisure facility given the Council's commitment to health and wellbeing of residents and the popularity of swimming in Southwell.

## 2.6 Dry side works update.

Since the last report to Cabinet in October 2023 officers from Corporate Property have progressed the works required to the dry side of the leisure centre. We have now commissioned Oakworth Construction Limited to undertake works to the gym staircase in line with recommendations in a fire compartmentation survey. These are expected to be completed by the end of the current calendar year. Officers have also progressed costings and programme work with Lindums to enable a further programme of works orientated around building fabric and fire safety in the new year.

- 2.7 The proposed works to the dry-side of the leisure centre are likely to provide a continued lifespan of circa 5-10 years of the buildings, after which further significant investment will be required to maintain the building fabric.

## 3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

### **Financial Implications (FIN23-24/7734)**

- 3.1 The Main pool was closed on 30 October 2023. In the report brought to Cabinet on 31 October 2023, it was reported that a 4-week period would result in an estimated loss in net income of £20,000 (£5,000 per week). This was calculated assuming that a proportion of the membership base (the wet based categories) will be making a nil payment for the closure period.
- 3.2 The options going forward for the pool listed in paragraph 2.5 are costed as follows with the loss of income being calculated on the above basis:

Option	Capital Expenditure	Total Council Annual Financing costs (MRP and Interest on assumed borrowing of full cost)	Timescale A4T affected (weeks)	A4T Estimated loss in net income
a	50,000	3,600	24	*120,000 (one-off)

b	645,435	46,470	52	*260,000 (one-off)
c 1	4,500,000	324,000	104	*520,000 (one-off)
c 2	5,500,000	396,000	104	*520,000 (one-off)
d	12,300 (revenue)	0	52	*260,000 (annual)

\*- based on latest performance. No estimates have taken place regarding the financial impact on other membership categories

3.3 The above table has assumed that the capital works required on each option will be financed by borrowing. Also, the final column on the table referring to the estimated loss in net income for Active4today will also potentially have an impact on the Council via the requirement for the management fee paid. Albeit A4T will try to mitigate the impact on the Council by reducing costs where appropriate and generating additional income from other revenue streams.

3.4 The estimated loss in net income figures have been provided by A4T and are based on forecasts using the Company's latest performance. These figures have focused on the loss of income, based on the primary usage of customers being the main pool e.g. swimming membership, main pool swimming lessons, main pool hires and pay and play swimming. No estimates have taken place regarding the impact of the loss of the main pool, on the other membership categories where the pool is provided as part of a larger offer.

3.5 Of the loss in income described in the table at 3.2 of £520,000 this will be one off (£260,000 in 2024/25 and 2025/26). Following the build of the modular pool, this income is expected to return to pre pool closure levels.

3.6 Recommendation 7 is that option C2 is taken forward. This will require £5,500,000 adding to the Capital Programme profiled as follows:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Feasibility	25,000		
Capital	250,000	2,625,000	2,625,000

3.7 The £25,000 Feasibility is revenue expenditure and can be funded from the Capital Feasibility Reserve. The £5.5m Capital budget will need to be financed by borrowing and the annual cost of borrowing will be £396,000 for 50 years, as shown in the table 3.2. This full charge will only occur in the year following completion of the building, but partial charges will be made until then based on the profiling of the scheme shown above. The table below demonstrates this:

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Minimum Revenue Provision (MRP)	5,000	57,500	110,000



Interest	13,000	136,500	286,000
<b>Total Cost of Financing</b>	<b>18,000</b>	<b>194,000</b>	<b>396,000</b>
Potential Income Loss	260,000	260,000	0
<b>Total Impact</b>	<b>278,000</b>	<b>454,000</b>	<b>396,000</b>

- 3.8 If option C2 is approved, there will be a budget of £12,300 required to pay for the engineered solution to safeguard the structure of the main pool ensuring it will not collapse if drained and kept empty. This can be funded from Change Management reserve.

### **Legal Implications**

- 3.9 As part of the feasibility work consideration should be given to the legal position in respect of any matters to be resolved regarding land ownership and use of land, any Charity Commission consents that may be required in respect of the potential wider development of a new leisure centre, and public consultation requirements. Any terms agreed for land transfer should be subject to grant of planning permission and any other relevant pre-conditions for development.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Previous Report to Cabinet - 'Southwell Leisure Centre Works' - 31 October 2023