

# Cabinet Report



Report of Head of Development and Corporate Landlord

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Wards affected: Wantage and Abingdon

Vale Cabinet member responsible: Tbc

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To: CABINET

Dates: 29 November 2024

## Wantage Leisure Centre Salix Phase 3b Decarbonisation Project

### Recommendations

(a) To recommend to Council to create a budget from S106 contributions and release the funds for the capital expenditure at Wantage Leisure Centre phase 3b decarbonisation project, in accordance with 75 (c) of the council's financial procedure rules.

(d) Agreed to recommend that Council approve the expenditure of over £100k.

(b) To authorise the Head of Development and Corporate Landlord in consultation with the Head of Finance to allow approved budgets related to approved Cabinet spend of S106 funds and CIL contributions towards the Stage Two project delivery.

(c) To authorise the Head of Development and Corporate Landlord in consultation with the Head of Finance to allow the additional budget from S106 funds to cover the current shortfall to complete the decarbonisation project at Wantage Leisure Centre.

| Implications<br>(further detail<br>within the report) | Financial          | Legal               | Climate and<br>Ecological | Equality and<br>diversity |
|---|--------------------|---------------------|---------------------------|---------------------------|
|   | Yes                | Yes                 | Yes                       | No                        |
| Signing off<br>officer                                | James<br>Ticehurst | Nicholas<br>Bennett | Kim Hall                  | N/A                       |

## Purpose of report

1. To recommend Council agree to approve an additional budget for S106 funds covering the shortfall in the delivery of the main contractor Stage 2 (a JCT Design and Build contract) in respect of the Wantage Leisure Centre Salix Phase 3b decarbonisation project.
2. To approve the additional budget to support the second sectional stage in the contract with Ashe Construction Ltd as the main contractor in respect of Wantage Leisure Centre Salix Phase 3b decarbonisation projects following a successful two-stage procurement process.
3. To delegate to Head of Finance in consultation the relevant Head of Service under the constitution to tender and award the second sectional stage of the contract for Stage 2 (a JCT Design and Build contract) for Ashe Construction Ltd to continue to Royal Institute of British Architects (RIBA) Stage 6 'the handover' and Stage 7 'the use' to completion.

## Background

4. The Public Sector Decarbonisation Scheme (PSDS) Phase 3b was a successful bid process, a Grant Offer Letter (GOL) dated 16 January 2023 confirmed that the Department for Energy Security and Net Zero has made funding available of £5,992,916 to enable Salix Finance to assist Vale of White Horse District Council's decarbonisation programme by carrying out both projects at the White Horse Leisure and Tennis Centre (WHLTC) and Wantage Leisure Centre (WLC).
5. An ICMD was approved on the 20 January 2023, to accept the grant by way of a GOL for the terms set out as part of the grant and agreed the financial commitment of £2,154,831 towards delivery of both projects which is funded via Community Infrastructure Levy (CIL) and Oxfordshire County Council (OCC) contributions. The contribution from OCC relates to WLC where Vale and OCC are joint tenants and although the lease, joint use agreement (JUA) and subsequent Deeds do not specifically provide for the split of costs for the decarbonisation works, a 50 per cent contribution from OCC has been agreed in principle and forms part of OCC's budget spend. Strategic Property are in discussions as to how best document the contribution.

The financial commitment is broken down as follows:

|                 | Project Cost | Grant Funding | VOWHDC Contribution | OCC Contribution |
|-----------------|--------------|---------------|---------------------|------------------|
| Wantage LC      | £1,871,974   | £1,376,894    | £247,540            | £247,540         |
| White Horse LTC | £6,275,773   | £4,616,022    | £1,659,751          | -                |
| Total           | £8,147,747   | £5,992,916    | £1,907,291          | £247,540         |

6. The projects for both WHLTC and WLC are split in terms of the grant funding. Year 1 (2023/24) the council has committed all the Salix PSDS Phase 3b grant of £1,822,332. Year 2 (2024/25) the grant remaining is £4,616,022. Unspent monies cannot be carried forward to future financial years.

7. Approval was given at Cabinet on Friday 8 March 2024 to authorise the award of a main contractor by way of delegated authority to the Head of Development and Corporate Landlord in consultation with the Head of Finance and the Cabinet Member for Finance and Property to enter a Pre-Construction Services Agreement for Stage 1 and the second stage for the full project delivery under a Joint Contracts Tribunal Design & Build contract.
8. A successful completion of the first stage contract with Ashe Construction Ltd is completed under a Pre-Construction Services Agreement whereby the project has been taken to a RIBA Stage 4 Technical Design.
9. Officers are now progressing with the award of the main contractor Stage 2 (a JCT Design and Build contract) with Ashe Construction Ltd for WHLTC under the approval given at Cabinet on Friday 8 March 2024. RIBA Stage 4 cost plan has been supplied and within the budget approved.
10. Additional budget is required to fully complete the project at Wantage Leisure Centre. Officers are still progressing with the award of the main contractor Stage 2 (a JCT Design and Build contract) with Ashe Construction Ltd for WLC reflecting the contract documentation with the approved budget under a sectional agreement to continue delivering the project whilst further budgets are approved.
11. The next element of the project is Stage 2 JCT Design and Build and construction works on the WHLTC installing Solar PV, Air Source Heat Pumps (ASHP) and WLC installing Solar PV, ASHPs, cavity wall insulation and upgrading glazing.
12. A RIBA Stage 4 cost plan has been supplied by Ashe Construction Ltd which has been value engineered by a Pellings LLP Quantity Surveyor who are acting as the council Employers Agent with the delivery of the project. The current shortfall of budget currently sits at £1,382,882 shown in **Appendix 1**.
13. Additional budget that has already been secured during the project delivery seeking authority to spend are:
  - £23,103 under S106 Ref: 14V82 – Approved via an ICMD on 15 October 2024
  - £94,321 under S106 Ref: 13V09, 13V41, 13V58, and 13V11 via an IMCD on 17 September 2024.
  - £225,000 under CIL budget account C015 YC97
14. The remaining overall shortfall to deliver the project is £1,040,458. Officers recommend a 10 per cent contingency applied to the cost at £1,144,504 to ensure any shortfalls are covered in the remaining element of its delivery.
15. Of the shortfall the majority can be attributed to three sections of the roof (swimming pool, mid-section, and sports hall), the cost of which is £926,693 plus a 10% contingency. These roofs have been identified due to historical problems with leaks and a condition survey has recommended their replacement as part of the decarbonisation works. Furthermore, carrying out the works now will not only ensure the protection of the warranties but also avoid the need to remove the solar panels and other equipment in the immediate future. As OCC are joint tenants with Vale, they are liable for 50 per cent of the costs relating to the roof, in accordance with the terms of the lease and subsequent Deed. OCC are aware of these unforeseen costs and

understand the need to undertake these works. However, as this does not currently form part of OCC's budget forecast it is unlikely to be met in the current financial year and Vale will need to forward fund the works whilst the timing of OCC's payment to Vale is resolved. A side funding agreement with OCC will be sought to regularise the repayment.

16. The shortfall in funding is to be covered via the drawdown of suitable S106 contributions secured in Wantage and surrounding areas, some of which were previously ringfenced for the terminated Wessex Leisure Centre project, prioritising those with the shortest expiry times. The funding will be used through the realigning of funds subsequent to the Leisure Needs Strategy being endorsed by Council in December 2024. Once reclaimed from OCC the S106 money used will be ring fenced for the original purpose.
17. A breakdown of the S106 contributions to be used to fund the shortfall set out in paragraph 14, totalling £1,144,504 can be found in Appendix 2.

## **Options**

18. Officers need to proceed with this contract award for the JCT Design and Build Stage Two to complete the project within the timelines agreed in the Grant Offer Letter with Salix.
19. In the first instance Officers would be exercising the items set out under section 3 'Payment of the Grant' referred to in the legal section by seeking request for an additional grant from Salix to cover the shortfall in Year 2 however Salix have confirmed that there is no additional support grant that can be provided and the shortfall will need to be financed by the Vale of White Horse District Council.
20. The only option to complete the project entirely is to agree to the Wessex S106 contributions to cover the shortfall of the current funding with the costs plan that has been presented by the main contractors Ashe Construction Ltd to ensure the project can be completed in the agreed timelines and works programme presented to Salix.
21. Alternatively, the council could decide to take a decision not to fund the shortfall with Wessex S106 funding and to terminate the project entirely. This option would leave the commitment to the Wessex S106 contributions being at risk to loss as officers have been unable to identify a viable alternative use for the funds in line the Leisure Needs Strategy.

## **Financial Implications**

22. The Salix Phase 3b grant £4,616,022 in year 2 cannot be rolled over and must be spent through evidenced invoices by 31 March 2025.
23. Remaining year 2 grant funds for Wantage Leisure Centre is £722,040. Once the Licence to Alter is agreed with key stakeholders it is anticipated this funded can be fully committed with the asset purchase and works prior to the 31 March 2025.
24. The delivery of both projects has revenue savings of £46,266 annually for WLC and £92,765 annually at WHLTC. Whilst the immediate impact may not be achieved in the current leisure contract these savings improve the operational delivery of the new contract from 31 August 2026.

25. Officers managed to commit to all of the £1,822,332 remaining allocation for Year 1 2023/24, and officers are confident by committing JCT Design and Build contract through approval of the additional funds required the total £4,616,022 Salix grant will be spent by the end of the 2024/25 financial year.

## Legal Implications

26. The council has accepted the grant funding and is bound by the terms and conditions set out within the agreement unless varied by agreement with Salix. This means that if all the Year 2 funding cannot be committed within the financial year 2024/25, then the sum not committed is likely to be lost to the council.

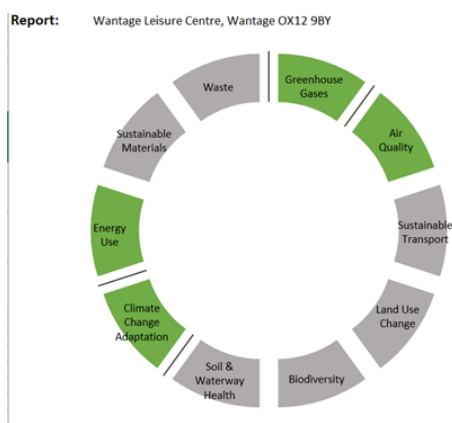
27. Under section 3 Payment of the Grant. Item 3.5 mentions that in the event of any overspend by the council in its delivery of the project outside of the sums set out in the Project Programme, or awarded in each financial year, the amount of such overspend shall be met by the council from its own funds unless Salix, in its absolute discretion:

- 3.5.1 agrees to increase the Grant by an amount equal to the overspend; or
- 3.5.2 agrees to adjust the Project Programme and/or reduce the Measures so as to ensure that the remaining Grant is sufficient to meet the remaining costs require for delivery of the Project.

## Climate and ecological impact implications

28. The purpose of the delivery of both projects is to support the council to accelerate the delivery of its decarbonisation programme contributing to a reduction of approximately 25 per cent in carbon emissions across the council's assets and up to a 65 per cent carbon reduction at Wantage Leisure Centre and at White Horse Leisure and Tennis Centre.

29. Officers continue to work with the Climate and Biodiversity Team in completion of the Impact Assessment Tool and Climate wheel in the delivery of both WHLTC and WLC projects.



|                           | Action    | Justification   |
|---------------------------|-----------|---|
| Greenhouse gas emissions  | No action | The proposal is to use natural energy sources to power the leisure centre. In any event, the electricity used from the grid will be significantly reduced.  |
| Air quality               | No action | The reduced use of fossil fuels as part of the decarbonisation directive.   |
| Sustainable Transport     | No action | Transport will not be applicable in this instance.  |
| Land use change           | No action | Not applicable  |
| Biodiversity              | No action | Not applicable  |
| Soil and waterway health  | No action | Not applicable  |
| Climate Change Adaptation | No action | Part of the project will be to provide improved insulation to the building which will make it significantly more efficient.   |
| Energy Use                | No action | PV Panels are being installed on the roof and heat pumps installed to eradicate the use of gas. Both initiatives will have a significant and beneficial impact on the environment from a local perspective. Less fossil fuels will be required in the future. |
| Sustainable Materials     | No action | We are not certain if the materials will be sustainably resourced but the impact of the project will be beneficial.   |
| Waste                     | No action | Not Applicable  |

## Equalities implications

24. Not applicable at this stage with the project.

## Risks

30. Should the award of a main contractor not be agreed then the Year 2 Salix grant will be lost.
31. A 'Change Request' has been submitted to Salix due to the value engineering that has been conducted to reduce the deficit in the cost plan submitted at RIBA Stage 4. As the measures of change are not significant items to detract from the original Salix application submitted it is expected the 'Change Request' will be accepted for Wantage Leisure Centre and officers will continue as normal.
32. If the project is terminated future applications under the Salix grant process could be seen as less likely to be successful due to the background of the Phase 3b project being terminated and the resulting lack of confidence from Salix in the council being able to deliver decarbonisation project in the future.
33. Direct project related delivery risks are agreed and part of the process of consultancy management during the process main contractor delivery.

## Other Implications

34. No further implications at this stage to outline.

## Conclusion

35. Officers are seeking Cabinet to recommend Council agree to approve an additional budget for S106 funds covering the shortfall in the delivery of the main contractor Stage 2 (a JCT Design and Build contract) in respect of the Wantage Leisure Centre Salix Phase 3b decarbonisation project.
36. Cabinet to approve for Council to recommend the additional budget to support the second sectional stage in the contract with Ashe Construction Ltd as the main

contractor in respect of Wantage Leisure Centre Salix Phase 3b decarbonisation projects following a successful two-stage procurement process.

37. To allow delegate to Head of Finance in consultation the relevant Head of Service under the constitution to tender and award the second sectional stage of the contract for Stage 2 (a JCT Design and Build contract) for Ashe Construction Ltd to continue to Royal Institute of British Architects (RIBA) Stage 6 'the handover' and Stage 7 'the use' to completion.
38. A budget has been approved as part of the 2023/24 and 2024/25 council's financial years which includes the council's contribution via Community Infrastructure Levy funds and Salix Phase 3b grant. Those budgets are committed in terms of the project delivery and procurement exercise completed.
39. Officers are currently authorised to deliver to the current budget available through authorisation by the Head of Development and Corporate Landlord in consultation with the Head of Finance and Cabinet Member for Finance and Property if the cost summary is within the budget already in place.
40. Acceptance for project delivery is currently within the parameters set in the Constitution which allows virements between budgets of up to £20,000 or five per cent of the total relevant budget (whichever is greater) within a year and between any relevant budgets or between budgets for capital projects.
41. As the RIBA Stage 4 cost plan from Ashe Construction exceeds the agreed budget amount, officers are seeking further support as outlined in the drawdown of Wessex S106 contributions to enable the completion on the Stage Two JCT Design and Build.

## **Background Papers**

- Cabinet Report - Revenue Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Cabinet approved Friday 3 February 2023
- Council Report - Revenue Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Council approved Wednesday 15 February 2023





## Appendix 2

### S106 Contributions

Total S106 funding requested **£1,144,504.00**

| Application Ref | S106 Ref | Site  | Towards                        | Type         | Secured     | Received      | Previously Spent | Amount Requested | Balance     | Spend by Date |
|-----------------|----------|---|--------------------------------|--------------|-------------|---------------|------------------|------------------|-------------|---------------|
| P12/V1240/FUL   | 13V11    | Land at Stockham Farm Denchworth Road Wantage Oxfordshire         | Swimming Pool Contribution     | Indoor Sport | £46,750.00  | £50,253.24 *  | £0.00            | £50,253.24       | £0.00       | 15/03/2026    |
| P12/V1240/FUL   | 13V11    | Land at Stockham Farm Denchworth Road Wantage Oxfordshire         | Sports Hall Contribution       | Indoor Sport | £75,862.00  | £81,546.76 *  | £0.00            | £81,546.76       | £0.00       | 16/02/2026    |
| P12/V1836/O     | 13V18    | Land West of Witney Road and South of A420 Kingston Bagpuize with | Swimming Pool Contribution     | Indoor Sport | £24,995.00  | £26,758.17    | £0.00            | £26,758.17       | £0.00       | 17/03/2027    |
| P12/V1836/O     | 13V18    | Land West of Witney Road and South of A420 Kingston Bagpuize with | Sports Hall Contribution       | Indoor Sport | £22,849.00  | £24,460.79    | £0.00            | £24,460.79       | £0.00       | 17/03/2027    |
| P12/V2316/O     | 13V47    | Land east of Chainhill Road Wantage                               | Swimming Pool Contribution     | Indoor Sport | £31,030.00  | £32,302.40 *  | £0.00            | £32,302.40       | £0.00       | 12/10/2025    |
| P12/V2316/O     | 13V47    | Land east of Chainhill Road Wantage                               | Sports Hall Contribution       | Indoor Sport | £30,347.00  | £31,591.39 *  | £0.00            | £31,591.39       | £0.00       | 12/10/2025    |
| P13/V0401/O     | 13V50    | Milton Road Sutton Courtenay OX14 4BT                             | Swimming Pool Contribution     | Indoor Sport | £23,168.00  | £24,578.31 *  | £0.00            | £24,578.31       | £0.00       | 25/09/2027    |
| P13/V0401/O     | 13V50    | Milton Road Sutton Courtenay OX14 4BT                             | A Sports Hall Contribution     | Indoor Sport | £29,952.00  | £31,775.27 *  | £0.00            | £31,775.27       | £0.00       | 25/09/2027    |
| P13/V0575/O     | 13V58    | King's Field Sheepstead Road Marcham OX13                         | Sports Hall Contribution       | Indoor Sport | £22,502.00  | £23,267.03 *  | £0.00            | £23,267.03       | £0.00       | 16/11/2025    |
| P13/V0458/O     | 14V05    | Chailey House Bessels Way Blewbury Didcot                         | Swimming Pool Contribution     | Indoor Sport | £10,895.00  | £11,615.29 *  | £0.00            | £11,615.29       | £0.00       | 24/05/2027    |
| P13/V0458/O     | 14V05    | Chailey House Bessels Way Blewbury Didcot                         | Sports Hall Contribution       | Indoor Sport | £14,088.00  | £15,019.39 *  | £0.00            | £15,019.39       | £0.00       | 24/05/2027    |
| P12/V1545/O     | 14V08    | Land West of Old Station Road Grove Oxon                          | Swimming Pool Contribution     | Indoor Sport | £48,121.00  | £55,719.05    | £0.00            | £55,719.05       | £0.00       | 16/08/2027    |
| P12/V1545/O     | 14V08    | Land West of Old Station Road Grove Oxon                          | Sports Hall Contribution       | Indoor Sport | £62,223.00  | £72,047.68 *  | £0.00            | £72,047.68       | £0.00       | 16/08/2027    |
| P13/V1826/FUL   | 14V49    | Land South of Downsview Road Wantage                              | Sports Hall Contribution       | Indoor Sport | £40,858.00  | £43,480.98 *  | £0.00            | £43,480.98       | £0.00       | 16/11/2025    |
| P13/V1826/FUL   | 14V49    | Land South of Downsview Road Wantage                              | Swimming Pool Contribution     | Indoor Sport | £31,927.00  | £33,976.63 *  | £0.00            | £33,976.63       | £0.00       | 16/11/2025    |
| P13/V2731/O     | 14V86    | Willow Farm Packhorse Lane Marcham                                | Swimming Pool Contribution     | Indoor Sport | £18,859.00  | £20,219.14 *  | £0.00            | £20,219.14       | £0.00       | 10/07/2027    |
| P13/V2731/O     | 14V86    | Willow Farm Packhorse Lane Marcham                                | Sports Hall Contribution       | Indoor Sport | £24,135.00  | £25,875.65 *  | £0.00            | £25,875.65       | £0.00       | 10/07/2027    |
| P13/V0139/O     | 15V02    | Fernham Fields Land to the East of Coxwell Road Faringdon         | Sports Hall Contribution       | Indoor Sport | £91,664.00  | £102,502.89 * | £0.00            | £102,502.89      | £0.00       | 09/04/2026    |
| P13/V0139/O     | 15V02    | Fernham Fields Land to the East of Coxwell Road Faringdon         | Swimming Pool contribution     | Indoor Sport | £80,418.00  | £89,927.10 *  | £0.00            | £89,927.10       | £0.00       | 09/04/2026    |
| P14/V0676/FUL   | 15V12    | Land at Sutton Road Milton OX14 4EY                               | Sports Hall Contribution       | Indoor Sport | £14,191.00  | £14,848.79    | £0.00            | £14,848.79       | £0.00       | 16/12/2025    |
| P14/V0576/O     | 15V16    | Land west of Bellinger's Garage Station Road Grove                | Swimming Pool Contribution     | Indoor Sport | £26,581.00  | £30,353.62    | £0.00            | £30,353.62       | £0.00       | 01/08/2029    |
| P13/V1870/FUL   | 15V23    | Land to rear of Station Road Uffington                            | Health & Fitness Contribution  | Indoor Sport | £7,337.00   | £7,645.11     | £2,445.63        | £5,199.48        | £0.00       | 06/04/2027    |
| P13/V1870/FUL   | 15V23    | Land to rear of Station Road Uffington                            | Sports Hall Contribution       | Indoor Sport | £16,343.00  | £17,029.30 *  | £17,029.30       | £17,029.30       | £0.00       | 06/04/2027    |
| P13/V1764/O     | 15V50    | Land at Crab Hill Land North of A417 and East of A338 Wantage     | Sports Facilities Contribution | Indoor Sport | £531,385.00 | £645,686.06   | £0.00            | £280,155.65      | £365,530.41 | 22/10/2031    |

\* Funds previously allocated to the terminated Wessex Leisure Centre project