

30 JANUARY 2023

JOINT EXECUTIVE ADVISORY BOARD

30 January 2023

* Councillor Angela Goodwin (Chairman)

* Councillor Ruth Brothwell (Vice-Chairman)

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| * Councillor Paul Abbey | * Councillor Ann McShee |
| * Councillor Jon Askew | * Councillor Bob McShee |
| Councillor Christopher Barrass | * Councillor Masuk Miah |
| Councillor Dennis Booth | * Councillor Ramsey Nagaty |
| * Councillor Colin Cross | Councillor Jo Randall |
| Councillor Graham Eyre | Councillor Tony Rooth |
| Councillor Andrew Gomm | * Councillor Will Salmon |
| * Councillor Angela Gunning | * Councillor Pauline Searle |
| * Councillor Gillian Harwood | Councillor Fiona White |
| * Councillor Diana Jones | * Councillor Catherine Young |
| Councillor Steven Lee | |

* Present

Councillors Julia McShane, George Potter, John Redpath, John Rigg and James Steel were also in attendance.

63 ELECTION OF CHAIRMAN FOR THE MEETING

The Joint Executive Advisory Board (JEAB)

RESOLVED

that Councillor Angela Goodwin be elected as Chairman for this meeting.

64 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Christopher Barrass, Andrew Gomm and Jo Randall. Councillor Deborah Seabrook was present as a substitute for Councillor Christopher Barrass.

65 LOCAL CODE OF CONDUCT AND NOTIFICATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of disclosable pecuniary or non-pecuniary interests.

66 SPECTRUM LEISURE CENTRE HIGH-LEVEL SUMMARY OF THE STRATEGIC OUTLINE BUSINESS CASE

The Joint Executive Advisory Board considered a High-Level Summary of the Strategic Outline Business Case (SOBC) in respect of the future of the Spectrum Leisure Centre.

The Lead Councillor for Environment and Regulatory Services introduced the Summary and advised that the Spectrum was the largest leisure complex of its type in the country offering a unique mix of facilities. Although the Spectrum building was ageing, it continued to attract 1.7 million visitors each year from a wide area stretching beyond the Borough boundaries, despite the impact of COVID-19 and the cost of living crisis. The Spectrum's busiest period was the February half term school holiday when 60,000 visits were made during the course of a week. The Spectrum's swimming pools attracted approximately 35% of visitors whilst

30 JANUARY 2023

the ice rink drew 20% of attendees. The complex also hosted over 60 major events each year, including Elite League Ice Hockey.

Although, in 2019, the Executive had agreed to progress the option of providing a replacement low carbon leisure facility, implementation of that decision had been deferred for two years owing to the pandemic. As two years had since elapsed and visitor numbers had returned to the pre-pandemic level, it was now considered timely to plan the strategic direction for the Spectrum's future, particularly as the Centre was now 30 years into its approximate 40 year life span.

Operating the Spectrum consumed a significant amount of energy and, given the current high energy costs and the Council's target to become carbon neutral by 2030, this factor was creating significant financial and carbon reduction challenges. Excluding its housing stock, the Spectrum comprised 50% of the Council's carbon footprint.

In this connection, the Lead Councillor for Climate Change and Organisational Development emphasised the significance of the challenges presented by the Spectrum in terms of energy consumption and carbon emissions. The Lead Councillor was of the view that a refurbishment or replacement of the Spectrum would be necessary to meet the Council's zero carbon target. However, refurbishment presented challenges owing to the design of the building, which was highly energy inefficient, particularly in terms of heating. Substituting the current gas fired central heating with a more costly electrical system, such as heat pumps, would be necessary to decarbonise the building. Although building replacement would be a costly exercise, there was a possibility of obtaining some funding towards a new facility from the Government, Sport England or other organisations which supported the improvement of sport and leisure facilities.

The Summary, which was presented by the Executive Head of Commercial Services and the Interim Project Manager, featured:

- executive summary of the SOBC;
- project introduction and background;
- compelling strategic case for change;
- economic case with options evaluated in the mandate (January 2021) and shortlisted options evaluated in the SOBC (November 2022);
- the financial case with draft costs;
- the management case regarding the delivery method; and
- the next steps to the approval gates.

The economic case with options evaluated in the mandate had favoured Option 4 – 'Do More', which proposed a refurbishment that sought to increase the current Leisure Centre's life span and reduce its carbon emissions. The subsequently shortlisted options evaluated in the SOBC had found the option of replacement of the building to be the preferred way forward as it would lower operating costs, reduce carbon emissions by 70-100%, and offer a new modern flexible facility that was more sustainable and economic to run, with possible income opportunities.

The following points arose from related questions, comments and discussion for forwarding to the Executive:

1. It was estimated that converting the Spectrum from a gas supply to an electrically powered facility would reduce its carbon emissions whilst quadrupling the energy costs. There was currently a projected budgetary overspend of approximately £2 million relating to the facility.

30 JANUARY 2023

2. The expression 'Passive House' was defined as a construction concept comprising one of the world's leading highly energy efficient building standards that promoted comfortable, environmentally friendly and acoustically insulated homes and buildings.
3. Exeter City Council had reportedly constructed a new leisure centre built to a Passive House design whilst Spelthorne and other councils were pursuing similar projects which could provide learning opportunities for this Council. Although the final cost of the provision of Exeter's leisure centre was unknown, the projected amount had been £42 million. Whilst related reduction in energy costs of 70% had been estimated, Exeter was achieving greater energy savings than anticipated. An officer site visit to Exeter was proposed as that Council possessed new build Passive House expertise.
4. Waverley Borough Council was in the process of replacing the leisure centre in Cranleigh. The proposal had progressed to the stage of tendering for architects and energy consultants to build a detailed business case with a view to submitting a planning application by July 2023. Given this Council's collaboration with Waverley, this also provided a learning opportunity for Guildford.
5. The use of solar panels could assist the Council to generate some electricity and the possibility of the Council investing in a solar farm was being explored. As technology progressed in the future, it was anticipated that additional suitable sustainable energy sources may become available to replace gas and electricity. A heat exchange system could assist with cooling the ice rink and heating the swimming pools whilst a combined heat and power unit, transforming gas into electricity, would be a beneficial saving. Other measures, such as insulating pool tanks and reusing pool test water for other purposes could also reduce emissions and benefit the climate.
6. It was difficult to retro fit energy efficiency measures into an existing building and therefore necessary to design such features into a new build leisure centre from the outset. A building fit for the future would form part of the specification for a new leisure centre allowing adaptation to enable compatibility with emerging efficient energy types going forward. The existing Spectrum had not been designed or built with such factors in mind.
7. As the construction of new buildings could have a significant carbon impact, it was suggested that, in the case of the provision of a new replacement leisure centre, recycled or low carbon materials should be used where possible.
8. It was anticipated that any Spectrum replacement would have a life span of approximately 45 years and a business plan would be based on that time frame. Although chemicals associated with swimming pools could be corrosive to the building structure and limit its life, the Passive House construction approach required fewer chemicals and reduced this risk.
9. 18 months previously, Guildford and Waverley Borough Councils had undertaken a management options review of their leisure centres, as the contracts for both Councils were approaching renewal dates, to ascertain whether there was any merit in combining the contracts. The review had also explored the most cost effective method of operating the two Boroughs' centres and considered the alternatives of an in-house operation, establishing an arms-length company or engaging a leisure management contractor. The findings of the review had indicated that the best scenario was for each Council to tender separately for its individual contractor as this approach reduced the risk to both Councils, given the size of the Spectrum and large workforce required to operate such a facility. This approach could be re-considered in 2024 when this Council was due to invite tenders with a view to commencing a new contract in 2025.
10. In terms of ticket sale profits arising from the Spectrum, the Council currently had a leisure management contract with Freedom Leisure to operate its centres which generated income to the Council in the region of £1 million annually, irrespective of the company's profit levels which could fluctuate due to issues such as the pandemic.
11. The profit currently generated by the Spectrum would be a factor taken into account when building a business case in respect of a replacement leisure centre and would be

30 JANUARY 2023

included in the specification produced to test the open market when inviting tenders for different service variants.

12. In terms of management contract costs, these varied according to the contract and could involve utility charges being passed to the operator, which was the case with the Spectrum. Utility costs currently presented a higher risk than during past years. It was felt that the Council should retain responsibility for the Leisure Centre building structure as it owned the property in perpetuity. However, it was advisable to passport some of the asset risk to the contractor. The more responsibility passed to the operator would result in a greater amount of risk being built into the contract, affecting the amount payable to the Council under the contract. There were many ways of splitting risk between the Council and a contractor and a balance would be arrived at with the benefit of consultant's advice.
13. There was a capital budget request of approximately £1.5 million each year over 5 years totalling £7.1 million in respect of maintaining the existing Spectrum and employing the expertise required to explore the options regarding the provision of a replacement leisure centre.
14. With regard to transport to and from the Spectrum site, the introduction of a shuttle bus service between the Leisure Centre and the railway station could be introduced in the absence of a park and ride service.
15. The ice rink at the Spectrum was not suitable to host significant events such as national or international competitions as there was not a second 'warm up' rink. The ice rink currently received considerable use, being one of a few in the area, with limited closure between the hours of 2:00 a.m. and 5:00 a.m.
16. Instigating an architectural design competition in respect of a replacement Spectrum was mooted as a means of attracting architects to design what was likely to be a significant and iconic building.
17. Analysis of postcode data from August 2022 revealed that 50% of visitors to the Spectrum emanated from the GU (Guildford), KT (Kingston) and RH (Redhill) postal areas, of which 24% lived in GU postcode areas. The remaining 50% of Spectrum users travelled from the SM (Sutton), CR (Croydon) and SW (south west London) areas. This data confirmed that the leisure centre attracted a significant number of visitors from a considerable distance away and was a positive factor to support applications for external funding.
18. As the United Kingdom was no longer part of the European Union, there was no prerequisite for the Council to advertise for tenders in the Official Journal of the European Union. However, as Passive House / energy efficient leisure centres more commonly featured in Europe, tendering abroad was a consideration.
19. It was confirmed that Stoke Park had been donated to the Council and was subject to covenants and restrictions within the Surrey Act which allowed the development of the Park for leisure activities and associated parking only. The legal position regarding the development of a new leisure centre on the site would require investigation.
20. In the event that the Spectrum was replaced, the object would be to continue the operation of the existing facility during the construction period. There was a possibility of constructing the new centre on the existing car park and returning the site of the current Spectrum building to grass and parkland. However, the constraints of the Surrey Act would be a factor to take into account. This issue would be explored with the assistance of consultants over the coming year.
21. With regard to councillor involvement in the Spectrum project, the establishment of working group(s) comprising both officers and councillors was envisaged together with a project board, including councillors in its membership, to provide clarity in respect of the direction of travel of the project. The project governance structure would be clearly defined and a project initiation document, detailing these matters, would be prepared.
22. The JEAB expressed its support for the continuation of a Borough leisure services provision, involving the refurbishment of the existing Spectrum in the short term to

JOINT EXECUTIVE ADVISORY BOARD

30 JANUARY 2023

extend its life, ultimately leading to a replacement facility. However, the financial and other difficulties associated with this project were acknowledged.

The meeting finished at 8:23 pm

Signed Date
Chairman